



Doing Business In Uganda: A Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Uganda](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business in Uganda

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Welcome to the Country Commercial Guide to Uganda. Strong macroeconomic management and general political stability have helped this fast-growing country of 29 million improve its business environment over the past decade, though high levels of corruption, poor infrastructure, a shortage of human capital and a dearth of affordable financing remain significant hurdles for businesses in all sectors.

In general, Uganda's economy remains small, with a gross domestic product (GDP) of \$12.3 billion in 2007 (\$400 per capita), and 31% of the population living on less than \$1 per day. It is also highly dependent on foreign aid. Direct budgetary assistance from donor governments made up 32% of the Ugandan budget in the 2007/2008 fiscal year, though this number has decreased from above 50% earlier in the decade.

Uganda, blessed by great natural beauty, year-round agricultural season and a location in the center of a regional trading network, has seen its private sector expand greatly in recent years. Uganda's GDP, trade, and foreign direct investment have all surged:

- The Ugandan GDP has risen by more than six percent on average for the last decade and rose 7.4% in the 2008/2009 fiscal year.
- Trade rose to \$2.4 billion in the 2007/2008 fiscal year, up from \$2 billion in 2006/2007.
- Foreign Direct Investment (FDI) flows to Uganda climbed to \$368 million in 2007, rising from less than \$100 million annually in the decade from 1990 to 2000.
- Major investments were made in mobile phone communications, petroleum exploration, banking, construction, agro-processing and manufacturing.

The business climate has particularly benefited from the general political stability brought by President Yoweri Kaguta Museveni, who first came to power in 1986 after years of civil strife and who was reelected on February 23, 2006 with 59% of the vote.

Strong macroeconomic management has also benefited Uganda's economic growth. Uganda has fully liberalized its capital account. Inflation has remained in the mid single digits for most of the last decade, though high fuel and commodity prices drove inflation up to 12% for 2008, above the GOU target of 5%. Uganda has adhered to IMF/World Bank programs to maintain macroeconomic stability and to restructure the economy. As

of January 2009, Uganda's foreign reserves stood at 2.7 billion, more than five months of exports coverage, up from \$1.6 billion in 2007.

In recent years, the GOU has worked to pass and implement a new range of laws and regulations to create greater government accountability, open markets, and build a more attractive environment for trade and investment. Uganda hopes to pass more than 20 commercial laws in 2009 to strengthen intellectual property rights, and clarify laws on mortgages, e-commerce, and electronic signatures.

In line with the government's emphasis on value added production, the country has seen the role of service and industry rise steadily as a contributor to GDP. The service sector was the largest contributor to GDP in 2007 (at 50.4%), and industry was second (33.1%). Agriculture was the third contributor (16.5%), recording its smallest portion of the Ugandan economy yet. Despite its dwindling share as a GDP contributor, the agriculture and fishing sectors provide approximately 80% of employment in Uganda. The transport and communications sector (6.1%) is growing by about two percentage points every year.

At the top of the GOU's agenda has been strengthening the country's road, rail, water, and communications infrastructure. The GOU doubled its budget allocations for infrastructure in the 2008/2009 budget, spending some \$680 million on roads and \$70 million on expansion of Uganda power generation capacity. While the communications infrastructure has moved forward, most of the allocation for roads in the 2008/2009 budget remained unspent as of mid-year.

The following are additional elements of Uganda's market that potential business partners should understand:

- Total FDI stocks in Uganda stood at \$2.9 billion in 2007, or roughly 25% of GDP. Uganda's largest investors measured by total assets are the United Kingdom, Libya, India and Kenya. Total cumulative U.S. direct investment in Uganda was about \$302 million at the end of 2008. Investment partnerships with U.S. firms in the areas of hydroelectric power generation, biofuels, and palm oil, have increased this figure significantly in the past several years.
- Uganda's major trading partners are its regional neighbors, including Kenya, the Democratic Republic of Congo (DRC), and southern Sudan. The European Union, the United Arab Emirates, South Africa, India and China follow behind Uganda's regional partners.
- Uganda struggled for years with billions of dollars in foreign debt, but debt forgiveness programs have reduced this burden to \$1.59 billion today, freeing up significant resources for other public works programs. Uganda qualified for the Heavily Indebted Poor Country's (HIPC) Initiative debt relief program and the Paris Club debt relief program. In March 2006, Uganda became eligible for 100% debt relief under the Multilateral Debt Relief Initiative (MDRI). The MDRI cancelled Ugandan's World Bank International Development Association debt of almost \$4 billion on July 1, 2006.

- In January 2005, Uganda, Kenya, and Tanzania launched an East African Customs Union (EACU) Agreement, which removed internal tariffs on most goods originating and traded within East Africa and put in place common external tariff rates for goods originating outside of East Africa. Efforts are moving forward to integrate Rwanda and Burundi into the Union. As part of the EACU, Uganda has increased its tariffs on some finished products imported from outside the region. Uganda, along with its counterparts in the East African Community (EAC) -- Kenya, Tanzania, Rwanda, and Burundi -- signed a Trade Investment Framework Agreement (TIFA) with the United States in July 2008.

Market Challenges

[Return to top](#)

The barriers to doing business in Uganda include high levels of government corruption, poor infrastructure, a lack of access to affordable loan financing, low levels of human capacity, and inefficient government services, particularly at the immigration department, customs authority, and land registry. A lack of government policies and regulatory consistency toward investment further impedes business predictability and efficiency.

Uganda fell 15 places, to 126 from 111, in Transparency International's 2008 Corruption Perceptions Index. According to TI, a score lower than 3.0 indicates the perception of "rampant corruption." Uganda's score was 2.6. Uganda shares the same score with Honduras, Ethiopia, Guyana, Libya, Eritrea, and Mozambique. The most common trade and investment roadblocks for companies include complications and delays imposed by government officials resulting from bribery by non-American competitors.

Uganda's infrastructure, particularly its systems of roads, rail, electricity, and water, is poor. An estimated 80% of Ugandans receive no electricity at all and load shedding in Kampala remains common. The dilapidated road network, meanwhile, hampers all business sectors. A two-lane highway from Kenya remains the primary route for 80% of Uganda's trade, leaving businesses dependent upon a corridor highly vulnerable to blockages. Uganda's vulnerability to dependence upon this route was demonstrated when election-related violence in Kenya erupted in late 2007 and early 2008, virtually halting trade into Uganda for more than two months and causing a spike in prices of all commodities. Traffic congestion is rising in Kampala, increasing the cost of doing business, and travelers should expect delays, especially at rush hours and when entering and exiting the capital. Ferries are frequently unreliable and in need of modernization. In January 2008, the only local cargo carrier, DAS Air, closed, forcing exporters to use international airlines for air export.

The GOU budgeted \$680 million toward road infrastructure investment in the 2008/2009 fiscal year. As of mid-year, however, most of those funds had not been spent due to the limited absorptive capacity of the National Roads Authority and the time needed for planning and contracting road works.

Electricity shortages are another critical challenge for business. Uganda suffered a severe energy crisis due to a drought-related decrease in hydroelectric power generation in 2006. The end of the drought and the acquisition of several 50 megawatt (MW) thermal generators have eased the crisis, but new power demand is increasing by at least 8% per annum, outstripping the power created by new generation projects. Load shedding and unannounced power outages are common throughout the country.

Though the government aims to fast-track power investments, the global financial crisis is likely to slow investment in the power sector in 2009. The government is searching for an investor in the 250 MW Karuma Falls hydroelectric power project. Norpak, a Norwegian company, pulled out of the deal in late 2008. Press reports indicated Norpak may have been unable to obtain financing for the project due to tight global credit markets. The Ministry of Energy claims as much as 1,000 additional megawatts of power come on line in Uganda by 2012. Included in this figure is the 250 MW Bujagali hydroelectric dam on the Nile near Jinja, a project which is due to come on line in 2011. Most rural communities rely on small scale generators or solar power. Less than 10% of Ugandans have access to electricity.

The global recession which began in late 2008 will have a direct impact on Uganda, however, posing a significant challenge for businesses. Overall growth is expected to fall to about 5%. Remittances, tourism revenues, and sales of key exports, including coffee, fish and flowers, are all expected to fall. Private investment in Uganda is also expected to decrease as a result of tight credit markets. Revenue collection by the Uganda Revenue Authority (URA) fell nearly 15% for the first half of fiscal year 2008/2009, mainly as a result of lower exports. Aid flows may also diminish, though no governments have announced plans to cut assistance yet. While lower demand for Uganda's traditional exports could be offset by the 25% depreciation of Uganda's currency against the U.S. dollar, this depreciation will also increase inflationary pressures at home.

Lack of affordable financing is another impediment for business. A 2008 Makerere University study of Ugandan businesses found that the lack of capital was the greatest impediment to increased investment in Uganda (the second greatest impediment was corruption). Loans are generally short term, of one to two years in tenure, and with interest rates ranging from 15 to 24%. The interest rates on one-year treasury bills currently stand at 11.69%. In addition to high interest rates, little liquidity exists for longer-term loans above three years.

Beyond this, American manufacturers wishing to export to Uganda must also overcome Ugandan preferences for working with their familiar European trading partners. Some Ugandan purchasers also express concern about the ability of American manufacturers to provide parts and service. Partly as a result of transportation costs, American products often cost more than their Asian counterparts' products, a significant challenge in an intensely price sensitive environment. The resurgence of the U.S. dollar in late 2008 further increased the cost of U.S. goods.

Investors also warn that Uganda's population growth also threatens to undermine its current political and economic stability. At 3.2% per year, Uganda's population growth rate is one of the highest population growth rates in the world. Uganda's current population of 29.6 million is expected to rise by 263%, to 78 million, by 2050. While creating potential markets for producers of child care, health, and education products, the explosion also threatens to create large group of young people in need of employment. Uganda's growing population is already putting an increasing strain on social services, infrastructure and land resources. Corruption, meanwhile, is a serious problem and the GOU's the political will to fight it remains questionable.

The sale counterfeit products smuggled into Uganda is a final irritant to many U.S. producers of consumer goods, particularly those of shoe polish, batteries, and women's sanitary pads. The sophistication of counterfeit goods from China is growing, and public awareness of counterfeits is not strong. Bootlegging of CDs, cassettes, software, and videos is common, and visitors to Kampala see counterfeit reproductions of popular music and films for sale in markets at low prices. Uganda has not yet ratified the World Intellectual Property Organization (WIPO) treaties.

Market Opportunities

[Return to top](#)

Ugandan attitudes toward the United States and its products are very favorable. U.S. exports to Uganda totaled \$102 million in 2007, 2.9% of Uganda's total imports. Major American exports to Uganda include agricultural products (largely food aid), electronics, transportation equipment, machinery, and used clothing. Prospects for U.S. exports to Uganda include construction, manufacturing and mining equipment, information technology products, medical equipment, supplies for food processing, cosmetics, and consumer goods.

Firms interested in exporting goods to Uganda have also been able to take advantage of its location in the heart of east Africa. With new stability in southern Sudan, and demand increasing in the DRC and Rwanda, Uganda has seen its regional trade growing strongly. Uganda's exports to its largest trading partner, Kenya, increased to \$118.2 million in 2007 from \$88 million in 2006. Ugandan trade within the Common Market of East and Southern Africa (COMESA) increased from \$284 million in 2006 to \$535 million in 2007, although Uganda remains one of the six COMESA countries that have not joined the COMESA Free Trade Agreement (FTA). Exports to eastern DRC, meanwhile, increased from \$60 million in 2006 to \$100 million in 2007. Markets in southern Sudan more than doubled since the signing of the peace agreement between Khartoum and the Sudan Peoples' Liberation Army in southern Sudan in January 2005. Uganda's exports to Sudan in 2007 were \$157.1 million. FDI from and trade with Asian countries, including Singapore, the United Arab Emirates (UAE), Pakistan, China, India, and Malaysia, is also increasing.

Uganda's traditional agricultural exports continue to represent opportunities. Both coffee, tea and cotton, Uganda's largest exports by value have increased substantially in quantity and dollar value over the past several years. In 2007/2008 cotton yields were 65,000 bales. In 2008/2009 production is expected to increase by 150 to 200%, according to Uganda's Bureau of Statistics. Non-traditional goods, such as fish, cut flowers, and vanilla, now account for over 50% of Ugandan exports and are expected to be responsible for a projected 11% increase in exports over the next two decades.

Uganda's banking industry has also seen strong growth recently. Financial services in Uganda are becoming more efficient with the presence of several international banks such as Citibank, Barclays, and Standard Chartered. The Ugandan Development Bank is completing a restructuring to enable it to provide long-term financing, the liquidity of which is currently limited. The East African Development Bank, with financial assistance from the U.S. Trade Development Agency, established a venture capital fund in 2007 for small and medium sized businesses in Uganda, Tanzania and Kenya. The fund should begin operating in early 2009, offering ten-year loans ranging from \$200,000 to \$1 million at rates of 12-14%.

Uganda's agricultural potential and untapped mineral resources have also attracted foreign investment. Uganda's growing domestic economy and need for infrastructure repairs provide opportunities for U.S. firms to market goods and services. Over the next decade, Uganda will need to dramatically upgrade its power generation capabilities and its transportation network (air, rail, and road). The development of the petroleum sector will require large infrastructure investments, and provide many opportunities for firms providing equipment and services for the industry. Additional prospects for U.S. investment in Uganda are in the agribusiness, construction, tourism, transportation, light manufacturing, mining, and telecommunications sectors. Uganda's expanding services sector has also created new investment opportunities for smaller investors in financial services, information technology, catering and entertainment.

Petroleum firms have drilled nearly two dozen successful exploratory wells in the Albertine Graben in western Uganda along the border with the DRC. They and the GOU estimate oil reserves in excess of 1 billion barrels, and possibly more, which would make Uganda a top sub-Saharan African oil producer, behind Angola, Nigeria, Sudan and Equatorial Guinea. However, Ugandan oil, which is light and sweet but waxy, is not of the high export quality as oil from the Gulf of Guinea. Current plans for Uganda's oil are focused on domestic and regional consumption. The industry could bring a massive windfall of exports -- possibly doubling current exports of \$2 billion -- but it also creates massive challenges for the GOU. The GOU will need to construct new roads, rail and electricity infrastructure, pass new revenue management laws, and implement systems to handle incoming resources if it is to avoid the "resource curse" witnessed in other developing economies. The GOU wishes to build a refinery to ease its dependence on imported petroleum products, though exporting the oil via pipeline or a road, rail and barge network is also an option. The Ministry of Energy and Tullow Oil aim to begin an Early Production Scheme (EPS) involving 4,000-5,000 barrels of oil per day in late 2009 or early 2010. The EPS calls for the construction of a topping plant to produce heavy fuel oil and a 50 megawatt heavy fuel oil power plant to supply electricity to domestic and regional consumers.

The GOU has sold licenses to five exploratory blocks in the Albertine Graben, and plans to sell licenses to four more blocks, located in the southern portion of the area, in 2009, after it passes new laws on natural resources and revenue management. More than 40 companies, from all over the world, have already expressed interest in the blocks.

U.S. firms are also increasingly taking advantage of tenders for donor-support infrastructure and other development project. The significant amount of donor support to the Ugandan budget enables the GOU to issue tenders for large procurements of goods and services. In recent years, U.S. firms have started to bid on these tenders, for which many American businesses are competitive, including those for power generation and transmission equipment, telecommunications services, information technology equipment and services, and transportation infrastructure. Some government tenders have been suspended due to allegations of corruption in the selection process, however.

Exports to the United States under the African Growth and Opportunity Act (AGOA) also represent opportunities, though few traders have taken advantage of their potential. AGOA exports have been lower than expected, rising to \$19.6 million in 2007 from \$14.2 million in 2006. Uganda has exported a total of \$12 million worth of garments to the U.S. since 2003. The domestic textile sector is looking for opportunities to create cotton spinning and weaving operations to expand its apparel industry. In February 2007, the

textile firm Phenix Logistics exported its first shipment of entirely Ugandan-made organic cotton t-shirts to the United States.

Tourism is a growing industry. Blessed by great natural beauty, Uganda stands to benefit from increased tourism to its national parks. Tourism earnings were \$448 million in 2007, and the GOU estimates 2008 earnings will rise by 25% to \$561.8 million. Uganda embarked on an international marketing campaign entitled "Uganda: Gifted By Nature" to promote tourism and investment. The number of tourists is expected to rise by 25% in 2008 to 802,500. In 2007, the number of tourists had increased over 2006 by 19% to 642,000 visitors.

Finally, businesses are benefiting from Uganda's progress in reducing poverty. The percentage of Ugandans living in poverty dropped from 56% in 1992 to 31% in 2007. The country is two years away from reaching its millennium development goal on poverty. However, the benefits of poverty alleviation are primarily in the south. Northern Uganda, ravaged by the 23-year conflict with the LRA, has a 62% poverty rate compared to the 22% poverty rate in the south. Greater industrialization and planting of cash crops have enabled many rural Ugandans to move into the cash economy. With the help of foreign donors, the government has increased spending on health, education, and social services, which has helped alleviate poverty.

Market Entry Strategy

[Return to top](#)

Many Ugandan markets are not well developed. Foreign firms in Uganda should conduct a considerable amount of research and ground work, including visits to Uganda, before making significant investments. Despite Uganda's challenges, many promising opportunities exist for well-prepared firms in the right sectors.

Most exporters rely upon local distributors to market their products. The U.S. Embassy Commercial Section can help vet potential distributors. Please note, however, that while partnering with a prominent or well-connected local business can provide quick access to Ugandan consumers, it may be difficult to settle disputes fairly with such an entity, due to the connections such businesses may have with prominent political figures.

Successful foreign businesses often use local agents familiar with the sometimes confusing and slow-moving Ugandan bureaucracy. As with local distributors, businesses should thoroughly research potential agents.

Some U.S. businesses have entered the local markets through joint ventures with local or regional businesses. This allows U.S. firms to take advantage of local and regional expertise while sharing some of the risks with the local firms.

Some U.S. exporters access the Ugandan market via Kenya, where they have established production facilities.

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Uganda, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2963.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Only a handful of U.S. firms have invested directly in Uganda. Typically, American businesses looking to access the Ugandan market enter into contractual agreements with local agents and distributors. A good local agent may play an important role for U.S. companies planning to bid on GOU tenders, which often require detailed knowledge of local conditions and the government bureaucracy. The Uganda Investment Authority (UIA) and the Uganda Manufacturers Association (UMA) maintain resource centers and often field inquiries from agents, distributors or companies looking for outside partners. The Ugandan National Chamber of Commerce and Industry (UNCCI) may also assist with identifying local agents and distributors. The Uganda Export Promotion Board (UEPB) has a list of export firms in Uganda. The commercial section at the U.S. Embassy can help verify the bona fides of potential agents or distributors. Nonetheless, it would be prudent to choose an agent or distribution and sales channels distributor after visiting Uganda to survey the situation and interview candidates.

Establishing an Office

[Return to top](#)

The Uganda Investment Authority (UIA) facilitates the registration and licensing of foreign firms. The UIA can assist companies with establishing an office by providing advice on registry, licensing, immigration, tax, customs matters, and sub-licenses and permits. Despite the assistance provided by the UIA, investors can face inept and corrupt government personnel within government agencies. Some government ministries have actively impeded business ventures in the past. A local partner can help sort through some difficulties. The Uganda Revenue Authority (URA) is in its fourth year of a program to improve the efficiency of its internal processes and bring more businesses and individuals into the formal tax structure. The changes have improved

transparency and the overall quality of services. In its quest to increase government revenues, URA has at times decided to suddenly enforce tax laws which had gone unenforced for years. Such enforcement, announced with little warning, has impacted businesses and non-governmental organizations who have been targeted for the payment of back taxes going back as many as five years. At present, there is a glut of office space in Kampala. Construction of a number of new office buildings in Kampala is ongoing, increasing the overall amount and quality of available offices space. With some organizations also moving to residential areas, rents are declining. Rent for commercial space ranges between \$12 and \$20 per square meter.

Franchising

[Return to top](#)

Several major American firms operate in Uganda, including Citibank, Caterpillar, NCR, Sheraton Hotels, FedEx, Ernst & Young, Moneygram, Price Waterhouse Coopers, General Motors, Coca-Cola and Hertz. Hilton is also in the process of building a hotel in downtown Kampala. Although prominent Ugandan investors appear interested in U.S. franchises, no U.S. food franchises or prominent retailers have opened in the country. Several South African and Kenyan grocery stores and fast food chains operate and plan expansions to some of the larger towns outside of the capital. Caltex, a subsidiary of U.S.-based petroleum company Chevron, sold its downstream retail operation to France's Total in late 2008. Larger gasoline retailers such as Shell and Total usually have convenience stores at their filling stations.

Direct Marketing

[Return to top](#)

Despite the rapidly expanding use of cellular telephones and computers, Uganda currently does not present strong opportunities for telephone or Internet marketing. Other than in a few urban areas, most Ugandans do not actively utilize mail services. Most foreign products are marketed through an experienced local company.

Joint Ventures/Licensing

[Return to top](#)

There are no restrictions on joint ventures with local investors. However foreign investors need to be cautious and apply good business judgment when dealing with local investors.

Selling to the Government

[Return to top](#)

The GOU conducts most government purchases through public tendering. The Central Tender Board (CTB) controls tendering. The CTB advertises tenders in local newspapers and also sends invitations to various organizations in Kampala. As a result of decentralization efforts, district tender boards also operate. The Public Finance and Accountability Act has been in force since July 2003. The provision clarifies the roles and responsibilities for sound financial management throughout government. This act allows for proper control and audit of classified expenditure. A procurement development unit, called the Reformed Central Tender Board, operates under the Ministry of Finance and Economic Planning to oversee government procurements. The Public Procurement and Disposal of Assets Authority, which audits government procurements, was established by an Act of Parliament in February 2003. The GOU recently announced that defense procurements would now follow standard public

expenditure management principles. The PPDA, which is growing in stature, will for the first time in 2009 audit procurements of the Ministry of Defense.

Distribution and Sales Channels

[Return to top](#)

Products in Uganda are generally distributed through regional wholesalers, who in turn supply small and rural shopkeepers. In practice, some imported consumer products (whether smuggled or not) start their journey in downtown Kampala from the informal market area located on Nakivubo Street. Merchandise is off-loaded from containers and sold in bulk quantities to waiting transporters. Most of these transactions are paid for in cash, and transporters immediately carry their shipments to smaller towns and villages. Businessmen report that customs duties are not always collected, especially if a bribe is offered to Uganda Revenue Authority officer on site. With the entry of large South African retailers (such as Game, Shoprite, and Metro) into Uganda, suppliers can now deal directly with major purchasers.

Selling Factors/Techniques

[Return to top](#)

Firms commonly market products with billboards and other road signage, as well as with newspapers, radio and television advertising. Most Ugandans speak at least some English, though some ad campaigns use local languages. Sales techniques common in industrialized economies are relatively new in Uganda, but are increasingly popular and successful. South African retail companies have created coordinated advertising campaigns involving leaflets, billboards and media advertising. Cell phone company MTN, for example, attracts national attention through its hosting of the MTN marathon each year, with more than 10,000 participants running races of 10, 21 and 42 kilometers. Firms have also promoted themselves heavily at music concerts, and by supporting sports teams such as the national soccer and basketball teams. Beverage firms have run successful bottle cap promotions as well.

Electronic Commerce

[Return to top](#)

E-commerce is relatively undeveloped in Uganda, due to the lack of a widespread Internet access. Few Ugandan companies sell their products over the Internet, although many businesses have websites. A bill allowing electronic signatures, due for passage in Parliament in 2009, aims to facilitate e-commerce. In 2008, banks began to allow mobile phone banking, allowing cell phone users to electronically transfer funds to retailers or individuals. This is a trend most Ugandan banks will likely continue in 2009.

American companies contacted by potential Ugandan purchasers must exercise great caution prior to finalizing any transactions. While many legitimate Ugandan entities seek to source goods over the Internet, the U.S. Embassy has detected a growing amount of fraud. U.S. vendors should never agree to accept third party checks as payment for goods to be shipped to Uganda. If a vendor questions the legitimacy of a potential Ugandan purchaser, the vendor should contact the commercial section at the U.S. Embassy, which will seek to verify the existence of the purchaser.

Trade Promotion and Advertising

[Return to top](#)

There are few advertising agencies in Kampala, including ZK Advertising Uganda, and Moringa Ogilvy. Newspapers are major sources of advertising and, unlike in many developed countries, they are not seeing advertising revenues decline due to increasing Internet usage. The Daily Monitor and The New Vision are Uganda's largest English-language daily newspapers in circulation.

ZK Advertising Uganda Ltd.
Workers House 4th Floor, Southern Wing
Plot 1, Pilkington Road
Tel: 256-414-234215; fax: 256-414-234150

Moringa Ogilvy
Plot 41, Luthuli Avenue, Kampala
Tel: 256-312-251-112/4; fax: 256-312-251111; website: www.ogilvy.com

Major Newspapers and Business Journals include:

The East African
P.O. Box 6100, Kampala, tel: 256-414-232-768; website: www.nationaudio.com

The East African Procurement News
P.O. Box 24595, Kampala, tel.: 256-414-231-120; website: www.procnews.com

The Daily Monitor
P.O. Box 12141, Kampala, tel: 256-414-236-939; fax: 256-414-232-369; website: www.monitor.co.ug

The New Vision
P.O. Box 9815, Kampala, tel: 256-414-235-209; fax: 256-414-235-843; website: www.newvision.co.ug

The Eye Magazine
23, Prince Charles Drive, Kololo
Kampala - Uganda (Inside Microcare Compound)
Tel: +256 (0)312- 2511-17/8 Fax: +256 (0)312-225-1119; website: www.theeye.co.ug

East African Business Week
Plot 133, Kira Road, Kamwokya
Tel:+256 (0) 414-531-345 ; +256 (0) 772-450-038; website: www.busiweek.com

The Independent Publications Limited
Plot 86, Kamjokya Street
Tel: +256 (0) 312-637-391/2/3/4; fax: +256-(0)-312-637-396; website: www.independent.co.ug

Radio and Television Stations include:

Capital Radio
P.O. Box 7638, Kampala, tel: 256-41-235-092/3/4 Radio Uganda, P.O. Box 7142, Kampala, tel: 256-41-251-554

Central Broadcasting Service (CBS FM)

P.O. Box 12760, Kampala, tel: 256-31-333-100; website: www.cbsfmbuganda.com

Impact Radio

P.O. Box 7223, Kampala, tel: 256-41-272-114; website: www.victoryuganda.org

KFM

P.O. Box 12141, Kampala, tel: 256-31-260-018; website: www.kfm.co.ug

Lighthouse Television

P.O. Box 23934, Kampala, tel: 256-41-543475/543-435/554-221

MNET

P.O. Box 2373, Kampala, tel: 256-41-341-431/38

Radio One

P.O. Box 4589, Kampala, tel: 256-41-348-311/211

Radio Sanyu

P.O. Box 30961, Kampala, tel: 256-41-234-250; website: www.mondotimes.com

Simba Radio

P.O. Box 31564, Kampala, tel: 256-41-543-672; website: www.simba.fm

Uganda TV

P.O. Box 7142, Kampala, tel: 256-41-345-376/256-453

Spirit FM

P.O. Box 10383, Kampala, tel: 0772-438-980; website: www.spiritfmradio.net

WBS Television

P.O. Box 5419, Kampala, tel: 256-41-344313/4; website: www.wavahtelevision.com

Pricing

[Return to top](#)

Due to large shipping costs, European and North American goods and services are expensive, and few local substitutes exist at moderate prices. Large European and Asian companies compete against U.S. manufacturers of large-scale equipment and services. Fuel, clothing, and consumer goods are often smuggled across the border to evade customs duties. These smuggled goods, together with low-priced and low-quality counterfeit products create a large gray/black market that undercuts legitimate distributors.

Sales Service/Customer Support

[Return to top](#)

Customer support can be a major issue for American products being sold in Uganda. U.S. manufacturers need to adequately demonstrate they can supply spare parts, technical assistance and other customer service. Moreover, they should carefully select, train, and monitor service providers for their products.

Protecting Your Intellectual Property

[Return to top](#)

As discussed in Chapter 6, Uganda is starting to improve protection of intellectual property rights, and the Uganda Revenue Authority regularly seizes counterfeit goods. Seriously delayed anti-counterfeiting legislation, now due for passage in 2009, aims to upgrade IPR protections and strengthen the penalties for traffickers of counterfeit goods. While counterfeit products are readily available, Ugandan police and courts will work to enforce current statutes only if pushed to do so by rights holders. Prominent counterfeiting cases have languished in courts for years. Most counterfeit and pirated goods are imported from China, though some companies have suffered from locally produced counterfeits.

Due Diligence

[Return to top](#)

Credit reporting is in its infancy in Uganda and due diligence is difficult to perform. The Bank of Uganda announced in 2008 the establishment of Uganda's first Credit Reference Bureau. To become operational, the bureau must first create a database to give commercial banks access to information such as the credit history of loan applicants. Sellers are advised to collect cash upon or before delivery and to collateralize all loans. Sellers should also be aware that fraud is widespread and that accounts and bank statements may not reflect actual financial data. Firms should check document accuracy with financial institutions or through a commercial law firm. Similarly, firms should also conduct reference checks of potential Ugandan partners, especially other foreign customers or suppliers. Price Waterhouse Coopers, Ernst & Young, Deloitte & Touche, and other firms and business associations can facilitate such processes. The American business community in Uganda also recently established an American Chamber of Commerce which may also assist in such processes in the future.

Local Professional Services

[Return to top](#)

The Institute of Certified Public Accountants of Uganda (ICPAU): tel.: 256-41-540-125/6; e-mail: icpau@infocom.co.ug

Uganda Association of Consulting Engineers: tel.: 256-41-342-536; website: www.uace.or.ug

Uganda Bankers Association: tel. 256-41-343-199; e-mail: uba@uol.co.ug

Uganda Law Society: tel.: 256-41-342-424; website: www.uls.or.ug; e-mail: ulss@utlonline.co.ug

Uganda National Association of Building and Civil Engineering Contractors: tel.: 256-41-287-836; e-mail: unabcec@infocom.co.ug

Uganda Society of Architects: tel.: 256-41-232-963; website: www.archuganda.org; e-mail: archuganda@siticable.co.ug

Web Resources

[Return to top](#)

Central Broadcasting Service (CBS FM): <http://www.cbsfmuganda.com/>

Impact Radio: www.victoryuganda.org

The Institute of Certified Public Accountants of Uganda (ICPAU): e-mail: icpau@infocom.co.ug

KFM: www.kfm.co.ug

Media Consultants Ltd. (MCL): e-mail: mcluga@starcom.co.ug

Radio Sanyu: www.mondotimes.com Simba Radio: www.simba.fm

The East African: www.nationaudio.com

The East African procurement News: www.procnews.com

The Monitor: www.monitor.co.ug

The New Vision: www.newvision.co.ug

Uganda Association of Consulting Engineers: tel.: 256-41-342-536; website: www.uace.or.ug

Uganda Bankers Association: e-mail: uba@uol.co.ug

Uganda Law Society: www.uls.or.ug; e-mail: ulss@utlonline.co.ug

Uganda National Association of Building and Civil Engineering Contractors: e-mail: unabcec@infocom.co.ug

Uganda Society of Architects: www.archuganda.org; e-mail: archuganda@siticable.co.ug

WBS Television: <http://www.wavahtelelevision.com/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [Foods - processed and food processing/packing](#)
- [Infrastructure - construction equipment, electrical power systems, pumps-valves-compressors](#)
- [Telecommunications equipment/telecommunications services](#)
- [Travel/tourism services; tourism infrastructure services](#)
- [Light manufacturing \(import substitution and exports\): household consumer goods, cosmetics/toiletries, footwear, furniture, textile fabrics, office products and equipment](#)
- [Mining: mining industry equipment, non-ferrous metals; oil gas mineral production/exploration services](#)
- [Marine fisheries products \(seafood\)](#)
- [Medical and Dental Equipment](#)

Sector Name: Foods - processed and food processing/packing
ITA industry code(s): FOD/FPP

Overview

[Return to top](#)

As noted above, Uganda's traditional export crops, coffee and tea, have increased substantially in quantity and dollar value over the past several years. The agriculture and fishing sectors employ about 80% of the working-age population and contributed 16.5% of the GDP in 2007. Most industries in Uganda depend heavily on agriculture for raw material inputs. President Museveni actively promotes value-added exports, such as roasted coffee, palm oil processing, and cotton yarn. Uganda hopes to expand its agricultural exports under the East African Customs Union. Agricultural processing is starting to develop and there are investment opportunities in processing and packaging coffee, edible oils, tropical fruits, fruit juices, and nontraditional crops such as vanilla.

There is also potential for growth in horticultural exports. Uganda took advantage of the AGOA Initiative and began exporting cut flowers and textiles to the U.S. duty free in early 2006. A significant percentage of the food imports from the United States are monetized maize, soya beans and vegetable oils.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates)

Best Products/Services

[Return to top](#)

Food processing equipment, including drying, storage, and treatment facilities; chemicals and additives used to preserve or process foods; canning, bottling, and other packaging equipment and related materials; repair and maintenance services; consulting services on set up and operation of food processing equipment and systems.

Opportunities

[Return to top](#)

Opportunities exist primarily with private sector firms. Interested entities may wish to contact USAID, which has been working to improve Ugandan agricultural productivity, to obtain more information about specific processing opportunities.

Resources

[Return to top](#)

Agricultural Productivity Enhancement Program (APEP)(USAID-sponsored):
www.apepuganda.org

Uganda Coffee Trade Federation: www.Uganda.co.ug/coffee

Uganda Export Promotion Board: www.Ugandaexportsonline.com

Uganda Flower Exporters Association: www.ufe.org

Uganda Investment Authority: www.ugandainvest.co.ug

Uganda Ministry of Agriculture, Animal Husbandry, and Fisheries: www.agriculture.go.ug

Uganda National Farmers Association: www.ugandafarmers.org

Sector Name: Infrastructure: construction equipment, electrical power systems, pumps-valves-compressors
ITA industry code(s): CON/ELP/PVC

Overview

[Return to top](#)

Uganda has a pressing need for infrastructure improvements, particularly in regard to roads and power. International financial institutions and donors are interested in participating in these projects. Uganda lacks the feeder roads essential to bringing crops to market. The primary road network is also in need of expansion and repair. Uganda faces an increasing shortfall in electric power due to economic growth and a population growing at 3.2% annually. A new consortium, consisting of the U.S. firm Sithe Global and Industrial Promotions Services (IPS) of the Aga Khan group, is building a 250 MW hydropower facility at Bujagali Falls on the Nile. The \$500 million project should begin producing electricity in 2011, more than two years later than originally planned.

Uganda has no domestic production of the equipment needed to develop large-scale infrastructure projects. Additionally, Uganda's growing industries and service providers badly need larger and more modern sites, such as industrial zones, in which to operate. The government and World Bank are funding the construction of several industrial zones, such as one 13 KM outside Kampala in Namanve. The first firms are scheduled to move into the site in 2010. The GOU plans to build other zones in Uganda's major urban centers. With an estimated 300,000 housing units needed per year, commercial construction and residential construction in Uganda are booming.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |

| | | | |
|-----------------------|-----|-----|-----|
| Imports from the U.S. | N/A | N/A | N/A |
|-----------------------|-----|-----|-----|

(Figures are in million U.S. Dollars and are unofficial estimates.)

Best Prospects/Services

[Return to top](#)

Infrastructure design, construction, and operation, particularly energy-related; environmental consultancy and analysis related to infrastructure projects; architecture; construction equipment; road building equipment; generators, transformers, and other power supply equipment; new cost effective building technologies.

Opportunities

[Return to top](#)

The GOU issues frequent tenders for infrastructure projects, including for power generation, transportation infrastructure, and upgrades at Entebbe International Airport also. Some infrastructure projects are funded by the World Bank, the African Development Bank or other development institutions. Opportunities also exist to partner with local construction firms.

Resources

[Return to top](#)

African Development Bank: www.afdb.org

East African Development Bank: www.eadb.org

Uganda Ministry of Energy and Mineral Development: www.energyandminerals.go.ug

Uganda Ministry of Tourism Trade and Industry: www.mtti.co.ug

Uganda Privatization Unit: www.finance.co.ug

World Bank: www.worldbank.org

Sector Name: Telecommunications equipment/telecommunications Services

ITA industry code(s): TEL/TES

Overview

[Return to top](#)

The Ugandan telecommunications sector boasts five internationally owned operators: MTN (South Africa), Uganda Telecom Limited (Libya), Zain (Kuwait), Orange (U) Ltd. (French) and Warid Telecom (UAE). The once government-owned UTL was privatized in 2000 with a 51% stake sold to UCOM a Swiss, German and Egyptian consortium for \$33.5 million. In March 2007, the Libyan government-owned firm Libya Africa Portfolio (LAP) purchased the 51% stake from UCOM. The remaining 49% interest was sold in a series of public offers on the Uganda Stock Exchange.

Pursuant to a "duopoly" agreement signed with the GOU in 2000, MTN and UTL were licensed to provide a full range of telecommunications services, while Zain provided mobile telephone services. The MTN/UTL duopoly expired in July 2005, providing international telecommunications companies with the opportunity to enter a variety of telecommunications sub-sectors. A new Uganda Communications Commission policy governing Uganda's licensing regime began in 2007. The UCC issues public service provider, infrastructure provider and general service provider licenses. As of September 2008, Uganda's number of fixed lines had increased to 167,061 from 162,263 in June 2007, and its number of mobile telephone subscribers rose to 7,460,011 from 4,195,278 in June 2007. Registered Internet service subscribers grew by 60% from 1.5 million users to an estimated 2.5 million in 2008. There are 32 local Internet service providers. Although prices have dropped, quality Internet service remains expensive by international standards. Dial-up services at \$30 per month are very slow and experience frequent interruptions. Forty percent of all data access is through dial-up. The communication sector grew by 33.3% in 2007. As of June 2008 telephone density was 22% compared to 13.3% in 2007. Whereas only 22% of the population own phones, more than 40% can access pay phones, the number of which increased from 21,475 in June 2007 to 37,595 in June 2008.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates)

Best Prospects/Services

[Return to top](#)

Cellular and wireless telephone systems; data transmission equipment; fiber optic equipment; trunked mobile phone systems and paging systems; switchers and routers; wireless access equipment; voice over Internet telephony; VSAT; computers and peripherals.

Opportunities

[Return to top](#)

Contact the Uganda Communications Commission to inquire about investment opportunities following the expiration of the MTN/UTL "duopoly" in July 2005.

Resources

[Return to top](#)

Zain: www.zain.com

Computer Frontiers International: www.cfi.co.ug

MTN: www.mtn.co.ug

Uganda Communications Commission: www.ucc.co.ug

UTL: www.utl.co.ug

AFSAT Communications Uganda: www.afsatug.com

Bushnet: www.bushnet.net

Infocom: www.imul.com

RCS Radio Communication: www.rcs-communication.com

Jireh Technologies International : www.jirehtechnologies.com

Zineth Electronic Security & Communication: www.glocodev.co.ug

Bitwork Technologies Ltd. : www.bitworktech.com

Sector Name: Travel/tourism services; tourism infrastructure services
ITA industry code: TEL/TES

Overview

[Return to top](#)

The Ugandan tourism sector continues to grow and saw \$561.8 million in revenues in 2008, a 20% increase. About 467,342 people entered Uganda through Entebbe International Airport during the year, a 33.5 % rise over 2007. The GOU estimates revenues will increase in 2009, though by a smaller amount than in 2008 due to the global financial crisis. The GOU has not estimated the extent to which revenues and total visitor numbers would decline, however. Tourism from Europe and the United States is also on the rise. The number of visitors from the U.K. went up by 26% in 2006 and visitors from the United States increased by 16%. Kenya Airways has four flights daily from Nairobi, Ethiopian Airways has flights once a day, six days a week from Addis Ababa, and South African Airways flies once a day, six days a week to Johannesburg. SN Brussels flies direct to Kampala through Amsterdam four times a week. KLM recently increased flights into Uganda to five direct flights a week between Amsterdam and Entebbe. British Airways now has direct flights three times a week between London and Entebbe. Uganda has signed a memorandum of understanding with China in an effort to promote tourism from China over the next five years. Foreign investors in the sector include Sheraton, Hilton, and the Serena Group, the latter of which completed extensive renovations to the former Nile Hotel and Conference Center in Kampala in 2006. The Serena and the Sheraton are Kampala's premier hotels. Hilton has broken ground on a hotel which is expected to be completed in November 2009.

Uganda boasts several notable tourist attractions including the Queen Elizabeth and Murchison Falls National Parks, for game watching; the Rwenzori Mountains, for mountaineering; the source of the Nile and the Nile river, for bird watching, white water rafting and kayaking, the Virungas National Park, for mountain gorilla trekking, and Lake Victoria, for a variety of water sports. Uganda has established the Ziwa Rhino Sanctuary

to reintroduce white and black rhinos to Uganda's protected areas. The International Rhino Foundation based in Yulee, Florida donated two white rhinos to the reserve in August 2006, bringing the total number of white rhinos in the reserve to six. Uganda is one of only three countries with mountain gorilla populations. Tourists can visit groups of habituated gorillas in Bwindi and Mgahinga National Parks in western Uganda. Gorilla trekking passes cost \$500 each. The passes are a major source of revenue for the parks and for gorilla conservation efforts. An isolated attack on gorilla-trekking tourists by Congolese rebels at Bwindi National Park in March 1999 set back Uganda's effort to expand tourism, but gorilla-related tourism has made a comeback after the GOU expanded security at the parks. There have been no other attacks since 1999.

Improved transportation networks and upgraded tourist facilities would enable Uganda to take full advantage of this sector's potential. Few local tour operators have the sophistication to tap into global tourism markets. Uganda, which has recently hosted several international conferences, including the 2007 CHOGM, is trying to market Entebbe and Kampala as regional convention centers. Since 2005, Uganda has been marketing itself under a campaign entitled "Gifted By Nature" to promote tourism and investment.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates)

Best Prospects/Services

[Return to top](#)

Tourism management; travel agencies; hotel design, construction and management; marketing.

Opportunities

[Return to top](#)

The Uganda Wildlife Authority periodically markets concessions for services at or near Ugandan national parks.

Resources

[Return to top](#)

Uganda Ministry of Tourism, Trade and Industry: www.mtti.co.ug

Uganda Wildlife Authority: www.uwa.or.ug

Uganda Investment Authority: www.investuganda.com

Sector Name: Light manufacturing (import substitution and Exports): household consumer goods, cosmetics/toiletries, Footwear, furniture, textile fabrics, office products and equipment
ITA industry code(s): HCG/COS/FOT/FUR/TXF

Overview

[Return to top](#)

Manufacturing has increased significantly in Uganda over the past five years with a focus on exports to regional markets of products such as plastic goods and consumer products. A small but growing middle class in Uganda serves as a market for these items. Uganda continues to expand its exports throughout the Great Lakes region, particularly to southern Sudan and the Democratic Republic of Congo. The elimination of tariffs within the East African Community makes Ugandan exports more economical in Kenya and Tanzania, while opening Uganda to increased imports from those countries. American goods must compete with those from neighboring countries. With the implementation of the African Growth and Opportunity Act (AGOA), investment possibilities in textile and agricultural production for export have increased, though few producers are taking advantage of these benefits. AGOA exports to the U.S. in 2007 were less than \$2 million. Northern Uganda was traditionally a cotton growing area, and improved security in the north has the potential to significantly increase cotton production. There has been significant foreign investment in the past few years in the beverage industry, with Coca Cola, Pepsi, SABMiller, and East African Breweries leading the way. Uganda boasts some of the best cotton yarn in Africa.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates)

Best Prospects/Services

[Return to top](#)

Cosmetics, particularly hair products; used clothing; footwear.

Opportunities

[Return to top](#)

As the Ugandan standard of living increases (at least in Kampala), more Ugandans are purchasing consumer items at large supermarkets or department stores. American vendors should contact these stores directly. Stores include Shoprite, Uchumi, Woolworths, and Game stores.

Resources

[Return to top](#)

Game Store: tel.: 256-31-350-400; e-mail: kevinsi@game.co.za

Shoprite: tel.: 256-31-264-120; e-mail: 041684@shoprite.co.za

Uchumi: tel.: 256-31-262-300; e-mail: gardencity@uchumiug.com

Sector Name: Mining: mining industry equipment, non-ferrous Metals; oil gas mineral production/exploration services
ITA industry code(s): MIN/NFM

Overview

[Return to top](#)

Uganda is endowed with a great diversity of geological formations and structures. Mining activities may offer good investment opportunities for experienced firms. In 2008, Uganda completed a national airborne mineral survey and found mineral potential in 80% of surveyed areas. The survey showed occurrences of oil and natural gas, cooper, cobalt, gold, uranium, tin, tungsten, coltan, lead, and zinc. The most endowed regions neighbor mineral-rich eastern Congo in the southwest. The government is working to reform land laws to clarify issues related to surface rights, resettlement and the compensation of locals, he said. The 2004 Mineral Act provides incentives to mining investors, with royalty fees for base and precious metals set at 3%.

As noted earlier, exploration activities in Albertine Graben, in western Uganda, have confirmed the existence of oil deposits. Government sources estimate that Uganda has at least 1 billion barrels of petroleum reserves. The crude oil is light and sweet but waxy, requiring heating in transport. Rather than export the oil, the GOU would like to build a refinery to provide local and regional markets with petroleum products. Whether the oil is exported or refined, Uganda will need to make billions of dollars of infrastructure investments to handle the industry. To date, the government has licensed five exploration blocks to four firms. Four more exploration blocks will be auctioned off to bidders after Parliament passes a new Petroleum Act and Revenue Management Act in 2009.

European mining firms are involved in a \$100 million cobalt reprocessing project at Kilembe. High quality gold deposits also exist within Uganda. In the 2007/2008 fiscal year, the mining and quarrying sector increased by 0.8%, a slower growth than in 2006/2007, when growth was 19.4%. The sector's contribution to GDP in 2007/2008 was 0.3%. The conflict in the Democratic Republic of Congo has created a vacuum of authority in which diamond and gold smugglers can easily operate. These smugglers, both military and civilian, actively exploit the conflict for financial gain, and many serve as middlemen for foreign buyers on the black market. Uganda exports far more gold than it mines locally; the balance has originated from the DRC. Investors should exercise caution to avoid projects involving the illegal transfer of Congolese mineral resources.

| | | | |
|--|------|------|------|
| | 2005 | 2006 | 2007 |
|--|------|------|------|

| | | | |
|------------------------|-----|-----|-----|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates.)

Best Products/Services

[Return to top](#)

Mining equipment; power generation equipment; civil engineering services; pumps, valves, and related materials.

Opportunities

[Return to top](#)

Possible investment in existing mines or establishment of new extraction sites.

Resources

[Return to top](#)

Uganda Ministry of Energy and Mineral Development: www.energyandminerals.go.ug

Sector Name: Marine fisheries products (seafood)

ITA industry code: MFI

Overview

[Return to top](#)

Uganda has stocks of Nile perch and tilapia, which are processed locally and exported. Most fish come from Lake Victoria, the second largest freshwater lake in the world, which enables Ugandan exporters to export fish via nearby Entebbe airport. Several foreign investors have set up fish processing facilities, some of which are looking to produce value-added products and better cuts of fish. The fish sector has been declining, however, due over-fishing and lax enforcement. Fish exports in 2008 fell to 23,400 tons, or \$115.3 million, down nearly 20% from 28,400 tons, or \$117.4 million, in 2007. Some 10 fish processing factories closed in Ugandan in 2008, leaving 25 still operating. New investments in fish farming may ease pressure on Lake Victoria resources. Uganda is experimenting with fisheries to continue expanding in this sector.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates. Export estimates only include fish exports, not exports of related equipment)

Best Products/Services

[Return to top](#)

Fishing equipment; processing equipment; materials related to construction and operation of fish processing facilities; food additives and chemicals used for value-added fish products.

Opportunities

[Return to top](#)

Opportunities exist for investments in fish processing facilities or in farm raising operations for Tilapia.

Resources

[Return to top](#)

Nile Basin Initiative: www.nilebasin.org

Uganda Fish Processors & Exporters Association: www.lakevictoriafish.com

Uganda Ministry of Agriculture, Animal Husbandry, and Fisheries: www.agriculture.go.ug

Uganda National Environmental Management Authority: www.nemaug.org

Sector Name: Medical and Dental Equipment

ITA Industry Code: MED/DNT

Overview

[Return to top](#)

Overall, medical facilities in Uganda are poor, even in the capital. The country has few public hospitals. These can provide limited services. To fill the gap, several local and international investors have constructed private hospitals and dental clinics to serve wealthy and middle-class Ugandans, along with expatriates. Many expatriates nevertheless leave Uganda for complex medical procedures. Medical evaluation insurance is advisable for expatriate staff. Large businesses provide basic medical services for employees. Uganda is a leader in the fight against HIV/AIDS and has received large financial support from the United States to set up programs and facilities to combat the disease. Some of this funding is used to purchase medicines and related treatment equipment. American exports of medical equipment to Uganda have increased in recent years and large American manufacturers have established distribution arrangements with local partners.

| | 2005 | 2006 | 2007 |
|------------------------|------|------|------|
| Total Market Size | N/A | N/A | N/A |
| Total Local Production | N/A | N/A | N/A |
| Total Exports | N/A | N/A | N/A |
| Total Imports | N/A | N/A | N/A |
| Imports from the U.S. | N/A | N/A | N/A |

(Figures are in million U.S. Dollars and are unofficial estimates)

Best Products/Services

[Return to top](#)

Record management equipment and systems; ultrasound; electrocardiographs; dopplers for obstetrics; pulse oximeters; ventilators; cardiac echo machines; treadmill stress machines; lab equipment (including equipment needed for microbiology, haematology, chemistry, and histopathology).

Opportunities

[Return to top](#)

All subsectors.

Resources

[Return to top](#)

Academic Alliance for AIDS Care and Prevention in Africa: www.aaacp.org

Gulu Independent Hospital: www.guluindependenthospital.com

Joint Clinical Research Center: www.jcrc.co.ug

Kigezi International School of Medicine: www.kigezi.edu

Mulago Hospital: www.mulago.or.ug

National Drug Authority: www.nda.or.ug

National Medical Stores: www.natmedstores.org

The AIDS Society of Uganda: www.tasouganda.org

Uganda AIDS Commission: www.aidsuganda.org

Uganda Ministry of Health: www.health.go.ug

Agricultural Sectors

[Return to top](#)

Uganda's agricultural land is considered among the best in Africa, with low temperature variability and two seasons of good rainfall for the southern half of the country. Agriculture accounted for about 17% of GDP in 2007, and about 70% of employment. Agricultural production and processing will remain the mainstay of Uganda's economy for the foreseeable future. The country produces a wide range of food products. Some

obstructions to the expansion of agricultural investment include the lack of high quality packaging capabilities, the lack of storage facilities, high freight costs, the lack of feeder roads in rural areas, a complicated and inefficient land tenure system and untrained manpower. Ugandan producers often find it difficult to meet sanitary and phytosanitary standards required to export goods to Europe and the United States. Following decades of instability, farmers in the north again have access to some of the most fertile land in the country -- traditionally used to grow cotton. Most crops are grown on small plots with few or no inputs, however.

The following offer good investment opportunities: Equipment to process or otherwise prepare traditional crops such as coffee, tea, cotton, and tobacco, Uganda's largest foreign exchange earners outside of remittances, tourism revenues and donor funds. While these have traditionally been exported in raw form, Uganda is attempting to process these goods to create added value and increase export earnings.

Biofuels: An American investor has recently planted 3,000 hectares as part of an investment in the biofuels industry, another area of opportunity. The United States Trade Development Agency has recently commissioned a study of this industry to determine its viability in Uganda. The results of the study should be released by the end of 2009.

Fruit and vegetable processing: particularly for canning pineapple and producing frozen or pulps or juice concentrates from various tropical fruits, including passion fruit, mango, pineapple and papaya. Uganda seeks to increase production of processed organic foods.

Edible oil production: Uganda's current needs for edible oil are being met by imports. Production of oil seed crops (sesame, sunflower, palm) has attracted major investors and is steadily increasing.

Staple food crops processing: staple food crops grown in Uganda include plantains, millet, sorghum, maize, beans, cassava, sweet potatoes, groundnuts (peanuts), rice, wheat and Irish potatoes. Due to continued instability in northern Uganda, the United States provides large amounts of food aid, specifically wheat, maize, other cereals, flours and cereal meals, and edible oils.

Flowers: roses, carnations and other exotic plants are currently grown in Uganda and exported to Europe and starting in 2006 were exported to the United States. Given Uganda's climate, both seeded annuals and perennials are suitable for commercial development.

Livestock: Uganda boasts a growing livestock industry centered on Ankole cattle and a growing dairy sector. Much of the milk produced is wasted because very few facilities for cold storage exist. Potential exists for processing plants make powder milk or UHT milk. Demand also exists for better breeding techniques, as well as for feed and veterinary care. Endemic diseases and lack of quality limit export potential, however.

Food products: Transportation costs to Uganda, combined with low per capita income and heavy competition from regional and European manufacturers, make Uganda a difficult market for exporters of processed U.S. food products. However, exporters may

seek to target niche markets, such as wines and other alcoholic beverages.

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Uganda, Kenya, and Tanzania have adopted a three-band duty structure for imports from outside the Customs Union under the terms of an East African Customs Union (EACU) agreement. Most finished products are subject to a 25% duty, while intermediate products face a 10% levy and raw materials may still enter duty free. This increased import duties on some products currently imported into Uganda from the U.S. However, under pressure from local industry, the GOU successfully pushed for a five-year exemption on certain import duties and is negotiating with Kenya and Tanzania to define certain manufactured products of key importance to Ugandan industries as "raw materials." The Customs Union removes tariffs on most trade between the three countries, though Kenyan exports will be subject to a 10% duty, which will be phased out in 2% increments over five years. Excise surcharges have been unified at 10%. The EACU members also created a list of "sensitive" products -- generally products that compete with certain domestic industries -- that qualify for higher tariffs. For example, the EACU members recently dramatically increased duties on imports of used clothing, a major U.S. export to East Africa. The bloc aims to have a common market by 2010

In addition to the EACU, Uganda is a member of the Common Market for East and Southern Africa (COMESA), which also is working on reducing import tariffs for member nations. Proposed duty rates for COMESA countries are 0% (primary goods), 4% (intermediate goods) to 6% (finished products). Imports of primary goods from outside of COMESA will not face import duties, though intermediate products will face 7% tariffs and finished products 15% tariffs. Pursuant to WTO rules, it is unclear if Uganda can be a member of more than one customs union.

Trade Barriers

[Return to top](#)

Uganda has few formal trade barriers, though bureaucratic inefficiencies, high transport costs, and an influx of counterfeit consumer products are the primary reasons for increased costs for foreign businesses. Import bans have been phased out for beer, soda, batteries and cigarettes. Small reductions in fuel duties were introduced in an attempt to reduce costs for producers and transporters. However, the world wide

increase in oil prices in 2008 had an adverse effect on the fuel prices in Uganda, causing higher transport costs and creating double digit inflation.

Import Requirements and Documentation

[Return to top](#)

Import certificates, issued by the Minister of Tourism, Trade and Industry are required for goods on a "negative list," including used tires and certain types of batteries, and have a validity of six months. The certificates take the place of import licenses. However, with the EACU the process has become longer since the three East African Trade Ministers have to agree and coordinate on the list.

U.S. Export Controls

[Return to top](#)

According to Uganda's constitution, military products which pose a threat to the security of the nation may not be exported to Uganda. U.S. exporters must obtain a license from the U.S. State Department to export most weapons from the United States.

Temporary Entry

[Return to top](#)

Many products are shipped through Uganda on their way to eastern Congo, southern Sudan, and Rwanda. The customs administration has reduced the transit time to seven days. Transit goods require a transit permit from the Uganda Revenue Authority.

Labeling and Marking Requirements

[Return to top](#)

The following information must be clearly marked on imports and exports: importer/exporter name, consignee, flight/vehicle details, place of discharge, number of packages, container identity, description of goods, air way bill number/bill of lading, and country of origin/destination. Uganda recently adopted additional labeling requirements for imports of used clothing. However, implementation of these requirements has been delayed in 2006 after the Uganda National Bureau of Standards met with the stakeholders such as importers, consumers and exporters to review inspection requirements. The requirements are likely to be under review through 2007. Ugandan policy supports the adoption of labels for food products containing genetically modified organisms, but the country has yet to adopt any formal requirements.

Prohibited and Restricted Imports

[Return to top](#)

The following items cannot be imported into Uganda:

- pornographic materials
- used motor vehicle tires
- imports banned under international agreements to which Uganda is signatory

(Note: The GOU recently proposed banning imports of motor vehicles over seven years old. However, this ban has not yet taken effect, though the GOU is contemplating imposing taxes on such automobiles. The GOU also is considering imposing limitations on imports of used clothing.)

Customs Contact Information

[Return to top](#)

Commissioner
P.O. Box 444, MTAC Nakawa
Kampala, Uganda
Tel: 256-41-334501/334502

For information on Ugandan customs statutes and regulations, please contact:

E-mail: prte@ura.go.ug
Website: www.ugrevenue.com
Tel.: 256-41-234-119
Fax: 256-41-259-559

For information on the East African Customs Union, including the common external tariff, internal tariffs, rules of origin, or the Customs Management Act, please visit www.eac.int

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

Overview

[Return to top](#)

Importers/exporters should contact the Uganda National Bureau of Standards (UNBS) (tel.: 256-41-222-367; website: www.unbs.org) for specific information on standards.

Standards Organizations

[Return to top](#)

Please contact the Uganda National Bureau of Standards.

Conformity Assessment

[Return to top](#)

Please contact the Uganda National Bureau of Standards.

Product Certification

[Return to top](#)

Please contact the Uganda National Bureau of Standards.

Accreditation

[Return to top](#)

Please contact the Uganda National Bureau of Standards.

Publication of Technical Regulations

[Return to top](#)

Please contact the Uganda National Bureau of Standards.

Labeling and Marking

[Return to top](#)

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Trade Agreements

[Return to top](#)

Uganda is a member of the East African Community (EAC), COMESA and the Africa-Union Abuja agreement. Duties and tariffs for countries in these groups, including South Africa, are significantly lower than duties for non-members. As part of the East African Community, Uganda, Kenya, and Tanzania have created an East African Customs Union designed to promote free trade among the three nations. At this time, the EAC members are working to harmonize standards and investment rules. Rwanda and Burundi joined the EAC at the end of 2006.

Web Resources

[Return to top](#)

Uganda National Bureau of Standards: www.unbs.org

East African Community: www.eac.int

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

In general, Uganda has an open climate for foreign investment, creating a level playing field for foreign and domestic firms and providing attractive incentives for medium and long-term foreign investors. The Heritage Foundation's 2009 Index of Economic Freedom listed Uganda's economy at number 63 of 165 countries, and as the fourth freest economy of 46 countries in sub-Saharan Africa, based on factors such as the ease of doing business, openness to trade, property rights, and fiscal and monetary policy.

After decades of violent internal strife, President Yoweri Museveni has established over 20 years of relative political stability and economic growth in Uganda. He encourages foreign businesses to set up operations in Uganda, particularly in value-added manufacturing and agro-processing. Toward this end, the GOU created the Uganda Investment Authority (UIA) in 2001 as the lead government agency assisting foreign and domestic investors. A revised Investment Code, scheduled for passage in 2009, will allow UIA to become a more effective one-stop shop for investors by granting it new powers to obtain secondary permits for investor operations, to allocate government resources for investment, and to provide government incentives for rural investment.

The GOU has recently begun to move away from a much-criticized emphasis upon ad hoc, venture-specific incentives for potential investors in favor of an approach aimed at leveling the playing field for all investors. In line with this approach, Uganda now offers investment incentives and has begun implementing reforms to ease business transactions. Ugandan officials often speak of using their location in the heart of east Africa to become a trade and logistics hub, and recent GOU's investments in the road infrastructure play into this.

The UIA is also currently implementing a plan to construct industrial parks in the country's largest population centers. The government is financing the project with a \$27 million World Bank loan and \$10 million budget allocation. The first park is currently being constructed eight miles east of Kampala in Namanve, with electricity, sewerage, roads, and telecommunications infrastructure funded by the project and the government. Others parks will soon be built in Kampala, Mbarara, Mbale, Gulu, and Soroti. The UIA says that land in these sites is available and that the government will subsidize investor costs, based upon a formula including the amount to be invested and other factors such as the number of workers to be employed by the venture. UIA is in discussion with the Interior Ministry regarding the Kampala site, in the Luzira neighborhood, which would require moving the country's main prison, Luzira, to a different location. For more information on incentives for investment, see the section below entitled "Performance Requirements and Incentives." Investors can also find information on the UIA website, at www.ugandainvest.com.

According to UIA, Uganda has had most success recently in attracting investors from the Middle East and Asia. Firms from Singapore, the United Arab Emirates, India, Pakistan, and China all obtained licenses for cumulative investments worth hundreds of millions of dollars in 2008, though firms from traditional investors countries such as Kenya, South Africa and the UK also obtained licenses. Firms invested primarily in the telecommunications, manufacturing, finance and energy sectors. In total, UIA granted licenses to 349 projects worth \$2.4 billion in 2008, and UIA expects commitments of roughly \$3 billion in 2009 (Note: Actual investments are typically lower than commitments. As noted above, total Uganda FDI in 2008 was \$368 million.).

Uganda's success in attracting investors from the Middle East and Asia has prompted the UIA to focus further on attracting investors from these locations and to claim that U.S. and European investors unfairly deem Uganda too distant and politically risky. President Museveni emphasizes that he wishes to counter Africa's poor image as a place to do business, and he often speaks of developing Uganda's infrastructure, cutting red tape and removing other impediments to investment. Infrastructure development and the passage of new legislation has not proceeded quickly, however. The President also downplays other serious challenges that discourage foreign investment, such as widespread government corruption and the urgent need to create a more highly educated workforce.

U.S. foreign investment in Uganda remains relatively small. As of December 2008, U.S. investors had 67 projects in Uganda, valued at \$302 million. According to the Uganda Investment Authority, the United States normally ranks as the fifth or sixth largest investor in Uganda, roughly even with China, and behind the United Kingdom, Kenya, India, the United Arab Emirates, and South Africa.

Ugandan policies, laws, and regulations are generally favorable towards foreign investors, though the GOU is badly delayed in revising urgently needed legislation. The GOU is revising more than 20 commercial and bankruptcy laws, some of which date back to the colonial era, in order to cut down administrative delays and reduce the cost of doing business. This legislation includes terms to revise the Companies Law, modernize and speed up bankruptcy procedures, strengthen intellectual property rights protections, expand and clarify provisions on mortgages, update commercial contract law, and modernize provisions for e-commerce and electronic signatures.

Government officials state that most of these bills should be passed in 2009, but private sector representatives are skeptical, citing previous GOU promises that went unfulfilled. Parliament is currently overwhelmed with other important legislation, they note. Furthermore, they point out, if not passed in the first half of 2009, may be delayed until after the national elections in 2011 as political jockeying is already underway.

The Companies Act, a revision of which is due to be passed by Parliament in 2009, is the legal basis for the regulation of companies in Uganda. Some key provisions will remain the same: foreign investors may form 100% foreign-owned limited or unlimited liability companies and majority or minority joint ventures with Ugandan partners without restrictions. Licensing from UIA does require a commitment to invest over \$100,000 over three years. (See Performance Requirements and Incentives," below.) Most foreign investors establish themselves as limited liability companies. Ugandan law also permits foreign investors to acquire domestic enterprises or establish greenfield ventures. The new Companies Act will allow for the creation of one-man companies, permit the registration of companies incorporated outside of Uganda, and provide new provisions for share capital allotments and transfers. For a full description of the type of companies that firms are allowed to establish, readers are encouraged to visit the UIA website at www.ugandainvest.com or see the Business in Development Network guide to Uganda, available at www.bidnetwork.org.

Ugandan courts generally uphold the sanctity of contracts, though judicial corruption and procedural delays caused by well-connected defendants are a serious challenge. At times, GOU agencies have proven reluctant to honor judicial remedies issued by the courts. Courts apply the principles of English common law. Regarding debt collection, under current laws, creditors can prove their debts to a court-appointed receiver for payment. Secured debtors receive payment priority.

In recent years, the URA has improved its efficiency, boosted transparency, and increased tax compliance. Part of this success is due to an internal restructuring, though the URA has also grown more aggressive in collection, targeting large, often foreign-owned businesses, due to the relative ease of enforcing compliance. Government revenue comprised more than 65% of the national budget in fiscal year 2008-2009, up from 50% four years ago. The URA has set up offices throughout the country to provide local points of contact to address taxpayer concerns and dozens of URA staff were fired. Individuals are taxed at rates between zero and 30%. Business entities are taxed at 30%, though mining companies are taxed at rates between 25% and 45%.

The Investment Code allows foreign participation in any industrial sector except those compromising national security or requiring the ownership of land. The Investment Code also allows licensing authorities to impose performance obligations on foreign investors to which nationals are not subject. While the code does not specify these obligations, UIA imposes requirements as to size of investment, staff training, local employment, local procurement and environmental protection. (See section below, "Performance Requirements and Incentives.)

The World Bank has recognized the challenges of operating in Uganda's business environment and provided a \$70 million credit in 2006 for the Private Sector Competitiveness Project. This program will help Uganda improve its basic infrastructure for business development. The funds are distributed through the Private

Sector Foundation (PSF), a private business advocacy group founded with funds from the United States Agency for International Development (USAID) and that are being used to revamp the entire land registry system. Due for completion in 2012, the project also aims to modernize Uganda's business registration service, and support the Uganda Law Reform Commission in the revision of the commercial legislation. Other aspects of the project focus on developing private sector capacity and skills; boosting private sector productivity; and raising the quality, standards, and reliability of micro, small, and medium-sized enterprises.

The GOU began a privatization program in 2001 that has resulted in the sale of 122 firms, with 36 remaining in state hands. The program has attracted foreign investors primarily in the agri-business, hotel, and banking sectors. The GOU has shown a willingness to consider debt/equity swaps in which government ownership in companies is transferred to private sector minority shareholders on mutually acceptable terms. Though generally deemed successful, some observers question the transparency of certain transactions carried out in the name of privatization, arguing that the benefits of the most lucrative sales went to insiders.

Foreign investors in Uganda should be aware that projects that could impact the environment require an Environmental Impact Assessment (EIA), carried out by the National Environment Management Authority (NEMA). The requirement for EIAs applies to both local and foreign investors. In 2007, President Museveni withdrew plans to allocate a protected forest reserve to investors for the expansion of sugar cane and palm oil plantations after violent domestic protests and international criticism from environmental groups. Likewise, environmental groups raised serious concerns over the 250 megawatt (MW) Bujagali hydroelectric dam, delaying the project and causing some potential partners to pull out of the project. The dam is being funded privately, with a loan guarantee from the World Bank's International Finance Corporation.

Uganda's lack of an adequate electricity supply and poor road infrastructure are a major impediment for investors, as road blockages, load shedding, and unexpected power outages generate unexpected costs for all businesses. Uganda currently has just 300 MW of operational electricity capacity, leaving some 90% of Ugandans with no access to electricity at all. Completion of the Bujagali dam in 2011 will relieve some pressure. The GOU is seeking investors for the construction of an additional 1,045 megawatts of electricity generating capacity in the next five years, though demand is expected to continue to outstrip supply due to Uganda's economic and population growth. As mentioned earlier, the GOU increased its spending on roads in the 2008/2009 budget to \$680 million, double the previous year. The telecoms picture is brighter, as the lifting of a moratorium on new mobile telephone operator licenses has brought new competition, lowering prices, expanding coverage, and greatly increasing telephone penetration among the population and throughout the country.

Conversion and Transfer Policies

[Return to top](#)

Uganda keeps open capital accounts, and Ugandan law imposes no restrictions on capital transfers in and out of Uganda. Investors can obtain foreign exchange and make transfers at commercial banks without approval from the Bank of Uganda (BOU, the central bank) in order to repatriate profits, dividends, and make payments for

imports and services. The BOU prefers that investors make large transfers through the Central Bank itself in order to maintain the stability of the shilling, though this is not a requirement. Investors have reported no problems with their ability to perform currency transactions.

Expropriation and Compensation

[Return to top](#)

There have been no cases of expropriation since the restoration of democracy in Uganda in 1986. Ugandan law states that the interests of a licensed investor may only be expropriated when, according to paragraph 26 of Uganda's Constitution, it "is necessary for public use or in the interest of defense, public safety, public order, public morality or public health..." The Constitution also guarantees "prompt payment of fair and adequate compensation, prior to the taking of possession or acquisition of the property." The Constitution guarantees any person who has an interest or right over expropriated property access to a court of law. Uganda is a member of the Multilateral Investment Guaranty Agency (MIGA) and the International Center for the Settlement of Investment Disputes (ICSID).

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Dispute Settlement

[Return to top](#)

With donor assistance, the GOU has reformed the commercial justice system, which now includes mandatory mediation for all commercial disputes. This procedure was created to help reduce the current case backlog. Uganda opened the first Commercial Court in 1999 and now boasts four commercial court judges and one deputy registrar. Also, in 2007, a new law allowed for Chief Magistrates and Grade One Magistrates to adjudicate more commercial disputes, easing the burden on the commercial court judges. The court strives to deliver to the commercial community an efficient, expeditious, and cost-effective mode of adjudicating disputes. Some investors complain that the process favors local companies and that political pressures can disrupt and delay the final outcome. Despite a lack of funds and space, the commercial courts dispose of disputes within about seven months, as opposed to the several years it used to take litigation to wind through the Ugandan judiciary. However, commercial court judges estimate that 80% of disputes are settled out of court to save time and money. In the past, foreign businesses have complained that some judges delay ruling on disputes involving politically well-connected parties. The Center of Arbitration for Dispute Resolution (CADER) can assist in commercial disputes.

Uganda is a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Pursuant to the Reciprocal Enforcement of Judgment Act, judgments of foreign courts are accepted and enforced by Ugandan courts where those foreign courts accept and enforce the judgments of Ugandan courts. Monetary judgments are generally made in local currency. Ugandan penalties may not be a sufficient deterrent since the penalties have not increased to account for currency depreciation. Pursuant to Section 73 of the Arbitration and Conciliation Act, the GOU accepts binding arbitration with foreign investors. The act, which incorporates

the 1958 New York Convention, also authorizes binding arbitration between private parties.

Performance Requirements and Incentives

[Return to top](#)

As noted above, there are no mandatory performance requirements in the Investment Code, but licensing authorities may impose obligations on a foreign investor as a licensing condition. The most basic licensing condition is that investors creating 100% foreign-owned enterprises should commit in their proposals to invest a minimum of \$100,000 to their projects over a course of three years. This amount can include pre-investment activities and the cost of land, equipment, buildings, machinery, and construction. Foreign-owned banks and insurance companies are also subject to higher paid-up capital requirements than are domestic firms. Some foreign companies have also encountered difficulty in obtaining land due to complex land laws and a non-transparent land registry. (For more information on land ownership, see "Right to Private Ownership and Establishment," below.)

The GOU's fiscal incentive package for both domestic and foreign investors provides generous capital recovery terms, particularly for medium and long-term investors whose projects entail significant plant and machinery costs and involve significant training. In Kampala, 50% of allowances for plants and machinery and 100% of training costs are deductible on a one-time basis from a company's income. A range of annual deductible and depreciation allowances also exist, resulting in investors normally paying substantially less than the 30% corporate tax rate in the early years of their investment. In order to promote export-oriented manufacturing investment, the GOU included several tax incentives in the 2008/2009 budget. These included a removal of the import duty on plant and machinery imports, as well as for schools, hotels, hospitals, agro-processors, and heavy truck transporters. The GOU also provides a 10-year tax holiday for investors engaged in export-oriented production and, if the investment is located more than 25 KM away from Kampala, for agro-processing investors.

The Law Reform Commission, which prepared draft bills for the GOU, has proposed new legislation on investment incentives, but further steps have not been approved by other GOU stakeholders. The new legislation would include an exemption on withholding tax on interest on external loans, repatriation of dividends to provide relief from double taxation, exemptions from duty on raw materials, and a waiver of export tax. Foreign investors should consult UIA and carefully evaluate depreciation allowances by region and sub-sector prior to investing. The GOU will often work with foreign investors to provide additional incentives, including further tax reductions, government subsidies, or the provision of land.

Right to Private Ownership and Establishment

[Return to top](#)

The Land Act of 1998 codified many of the complex land laws in Uganda. Foreign companies or individuals may not own land, but they may hold it under long-term lease. Currently, foreigners must seek cabinet approval through the UIA for land to be used for agricultural or animal production purposes, but UIA states this provision is due to be repealed because it contradicts Uganda's Constitution and the Land Act of 1998. The GOU has not initiated any changes to allow foreign investors to purchase freehold property, however.

Businesses generally deem acquisition of land with a clean title as one of their biggest challenges. According to the International Finance Corporation's 2009 Doing Business Survey, Uganda's property registration process ranked near the bottom, at 167 out of 181 countries surveyed, down two places from a year before. It is estimated that there are more than 8,000 fake land titles in Uganda. As noted earlier, the Private Sector Foundation, with credit from the World Bank, is in the process of creating a new land registry system by 2012. The PSF is also in the process of establishing five land offices throughout the country.

The issue of land and title in Uganda is complicated by its four different types of land tenure systems: customary, "mailoland," freehold, and leasehold. "Customary" land refers to generally rural land governed by the unwritten, customary laws of a Ugandan tribe in a specific area. Such land is typically easy to obtain but difficult to use, as no titles or surveys of such land exist and contracts are difficult to enforce in courts of law. Further, banks do not accept customary land as collateral. "Mailoland" is land granted to tribal groups prior to Uganda's statehood in 1961, when Uganda was administered as a British protectorate. Such land cannot be owned by foreigners and the use of such land is subject to the agreement of "bonafide" or "lawful" occupants, who do not own the land but have the right to reside there. Such land is also generally problematic for foreign investors seeking secure, court enforceable, use of land. Freehold land is the system in which registered land is owned permanently. It is only available to Ugandan citizens, though it can be leased to foreigners. It can be also used as collateral for bank loans. Leasehold land is land leased by freeholders and is most commonly used by foreign investors. Foreigners may obtain contracts for leases of up to 99 years of such land. It can be used as collateral on loans, depending on the length of the lease.

Protection of Property Rights

[Return to top](#)

Domestic private entities have the right to own property and businesses and may dispose of them at will. The mass expropriation of Asian properties under the Idi Amin regime in the 1970s was the largest violation of this right in Uganda's history. Over the past decade, the GOU has actively returned or provided compensation for confiscated property to those who lost it. The Departed Asians' Property Custodian Board, located in the Finance Ministry, reviews the claims for property lost during this period.

The Uganda Law Commission has drafted new Intellectual Property Rights (IPR) laws regarding counterfeit goods, but the law is awaiting Cabinet approval and passage in Parliament. The new IPR laws will impose criminal penalties of fines and up to two years in jail for patent infringement and for selling counterfeit trademarked or copyright goods. Still, business people who have reviewed the draft complain that some gaps in protection remain, specifically the law's heavy reliance on the under-funded Uganda Bureau of Standards for enforcement. The Uganda Revenue Authority, Ugandan Customs and the Ugandan National Board of Standards currently share enforcement roles in the existing counterfeit laws. These groups admit they lack the funding and resources to carry out the job adequately.

Many counterfeit goods are manufactured in China, and producers there are becoming increasingly sophisticated. Bootlegged CDs, DVDs, and computer software are openly sold in Uganda's market places. American manufacturers of consumer goods, particularly of shoe polish, batteries, feminine hygiene products, and ink pens, complain

counterfeiters are badly damaging their markets. They argue fake goods serve as a deterrent to future foreign direct investment and damage their brand names. The GOU is also losing hundreds of thousands of dollars in tax revenue every year due to understated custom duties from those transacting in counterfeit goods.

Ugandan customs, police, and prosecutors have initiated criminal proceedings against some recipients of illegal goods, but these cases have languished in court for several years without result. Under Section 32 of the Patents Statute of 1991, the Registrar of Patents awards patents for an initial period of 15 years, with a possible five-year extension if a request is made one month before expiration of the original term. Ugandan laws provide similar protections for copyright and trademark holders. Uganda signed the World Intellectual Property Organization's Patent Law Treaty in June 2002, but has not yet ratified it.

Transparency of Regulatory System

[Return to top](#)

Ugandan laws and regulations are published in the Government Gazette, but the regulatory system lacks internal transparency and varies substantially by regulatory body. Government agencies often have hearings, both public and private, where interested parties have an opportunity to comment on draft legislation and regulations. Agencies do not always observe all legal provisions, however, failing to hold hearings, ignoring the requirement for public tenders, ignoring regulatory violations, or providing other types of assistance to well-connected local businessmen. The UIA provides assistance to potential investors in navigating the regulatory process.

Many Ugandan agencies require potential and current investors to cut through substantial amounts of red tape for normal business transactions. The International Finance Corporation's 2009 Doing Business report found, for example, ranked Uganda 111 of 181 countries for ease of doing business, down six places from a year earlier. The study found that it takes 25 days (and 18 separate procedures) on average to open a business in Uganda. Starting a business in certain sectors, such as mining, may take substantially longer. General infrastructure hindrances such as poor telecommunications and increasing amounts of traffic in Kampala slow down certain processes. Some government officials require that firms interested in government procurement contracts provide under-the-table, cash payments in person at local agency offices. Regulatory inefficiencies and corruption do not specifically harm foreign investors more than domestic firms.

The Bank of Uganda is reasonably transparent, but the legal system is less so. Courts, particularly at the upper levels, have made independent judgments in the past. However, some parties to legal proceedings take advantage of the legal system's inherent delays and incoherence, to manipulate judicial outcomes.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Capital markets are open to foreign investors. The GOU imposes a 15% withholding tax on interest and dividends. Credit is allocated on market terms, but lending to the private sector is relatively limited, and rates are high. This could change, as at least four new banks from Kenya and Nigeria are opening in Uganda following the lifting of

the moratorium on new banks in 2007. Many banks have holdings of GOU Treasury bills and bonds that are often larger than their commercial loan portfolios. Rates of return on government-issued bills and bonds have declined over the past three to five years, causing banks to begin shifting their focus to commercial lending, however. During the 2007/2008 fiscal year, commercial bank lending to the private sector grew by 56.7%, according to the BOU. Rates prime borrowers for domestic debt stand at around 25%.

The Capital Markets Authority Statute of 1996 and subsidiary regulations address the licensing of broker/dealers and of stock exchanges, and established the Capital Markets Authority (CMA) as the securities regulator in Uganda. The Uganda's Securities Exchange (USE) was inaugurated in June 1997, and is now trading the stock of 10 companies.

Foreign-owned companies are allowed to trade on the stock exchange, subject to some share issuance requirements, and the Kampala exchange contains cross listings of four Kenyan companies: Kenya Airways, East African Breweries, Jubilee Holdings Ltd., and Kenyan Commercial Bank. The East African Development Bank also lists bonds on the USE. The CMA expects the delayed listing of the National Insurance Corporation in 2009. The USE index fell more than 40% in 2008, mainly because non-resident citizens have withdrawn funds from Uganda, analysts say.

The growth of the USE in 2008 was not as large as expected, in part due to the current global financial crisis, which has negatively impacted investor appetite for emerging market assets. Large local businesses are reluctant to list on the stock exchange for fear that the disclosure requirements could expose them to greater tax liabilities. Additionally, some of Uganda's largest firms are family-owned operations reluctant to open up to outsider control. Eight companies currently provide brokerage services, including two American-owned firms, MBEA and Crested Stocks and Securities. The license to operate the exchange is held by the USE, a company formed by seven of the eight licensed broker/dealers and investment advisers.

In November 2003, the GOU enacted a collective investment law to allow investors to pool funds to be invested on the USE and in government treasury bills and treasury bonds. In December 2004, CMA licensed African Alliance Uganda to operate the first Ugandan collective investment scheme. Since 2004, the BOU successfully issued two-, three-, five-, and ten-year government bonds. The GOU hopes that by creating a benchmark yield curve it will encourage private companies to access the debt markets. These longer-term government bonds absorb excess liquidity from the market, and help bring down short-term interest rates.

Overall, the banking industry is well capitalized and has no serious non-performing loan problems. Tighter BOU supervision, including more stringent inspections and higher capital requirements, has helped the sector recover from a banking crisis in the late 1990s when several bank failures led to the closing of several institutions. Following a decade-long moratorium on new bank licenses, the BOU provided licenses to seven new institutions in 2007, bringing to 22 the number of banks in Uganda from just 15 a year before. The total size of the commercial banking system has risen to \$3.8 billion in 2008, more than two times larger than a year previously. Most banks are foreign owned, including major international institutions such as Citigroup, Barclays, Stanbic, and Standard Chartered. Ugandan banks remain conservative and have been

criticized for a lack of enthusiasm when it comes to lending to all but the largest blue-chip operations. Interest rates for 12-month corporate loans generally run between 19% and 25%.

The BOU remains one of the most respected central banks in sub-Saharan Africa for its success in keeping markets open, the shilling stable, and inflation relatively low. Its independence, however, has been called into question by evidence that the President has pressured the bank governor to cover debts incurred by politically connected businessmen. The GOU is urging donors to move their accounts from commercial banks to the BOU, claiming it is necessary to control levels of cash in circulation for monetary stability and inflation control purposes.

Political Violence

[Return to top](#)

The Governments of Uganda, the Democratic Republic of Congo (DRC), and southern Sudan began joint military operations against the Lord's Resistance Army (LRA), a Ugandan rebel group in DRC territory, on December 14, 2008. The operation was launched after LRA leader Joseph Kony failed to sign a Final Peace Agreement (FPA) aimed at ending the 23-year-old conflict. There have been no confirmed LRA attacks in northern Uganda since August 2006. Improved security in the north has allowed the vast majority of the 1.8 million internally-displaced persons there to return to or near their homes. In north-eastern Uganda, armed cattle rustlers of the Karamojong and related ethnic groups continue to raid cattle and propagate violence.

The State Department has issued a Worldwide Caution with specific information for Americans considering travel to East Africa due to the region's continued threat risk from international terrorism along with the recent increase in terrorist attacks elsewhere in the world against perceived soft targets such as hotels, bars, restaurants, and places of worship. High levels of criminal activity throughout Uganda will remain. Spontaneous demonstrations can sometimes occur in Kampala and other cities. Although infrequent, these demonstrations can become violent and should be avoided. Though reconstruction and development activities of northern Uganda have intensified following the area's conflict, the region is still characterized by poor security services, varying road conditions, and a lack of emergency services throughout the northern region. Though security concerns are on the whole no greater than in previous years, American citizens considering travel, employment, or investment in Uganda should read the Country Specific Information available at www.travel.state.gov for current security information.

Corruption

[Return to top](#)

Widespread corruption damages a business environment that would otherwise provide a fairly level playing field for foreign investors. Uganda fell 15 places, to 126 from 111, in Transparency International's 2008 country corruption rankings. According to TI, a score lower than 3.0 indicates "rampant corruption." Uganda's score was 2.6. Uganda shares the same score with Honduras, Ethiopia, Guyana, Libya, Eritrea, and Mozambique.

In 2009, the U.S. Millennium Challenge Corporation's (MCC) scorecard placed Uganda's efforts to control corruption at 51% in its peer group, or just above average. Based on a similar ranking in 2007, the MCC board determined that Uganda qualified for "threshold country" funds to help the country improve this rating so that it might qualify for MCC funding. Uganda USAID and the Department of Justice are currently implementing the two-year \$10.4 million Threshold Country Program designed to strengthen the capacity of Uganda's anti-corruption agencies and enhance prosecutorial efforts.

The nature of corruption in Uganda is complex. While outright bribe-taking (and requesting) does exist, the misappropriation of government funds and assets, graft, influence peddling, and the flouting of public procurement procedures also occur. Several high-profile government corruption scandals in recent years have resulted in few or no sanctions against the officials involved. Where the GOU has initiated criminal proceedings against high-level officials, the cases have dragged on in court with no resolution.

Foreign businesses are not specifically targeted for bribes and payoffs; nor are they immune. American firms have noted some difficulties due to lack of transparency and possible collusion between competing business interests and government officials in tendering processes. Reportedly, some foreign businesses have been urged to take on prominent local partners. Government procurement, particularly for defense items, is not transparent. In previous years, several high-profile government tenders for infrastructure projects were suspended following allegations of corruption. Some American firms, which are bound by the U.S. Foreign Corrupt Practices Act, suspect they have lost tenders to bidders from countries which have not criminalized the paying of bribes to foreign officials.

Anti-corruption legislation, regulations, and ethics policies do exist in Uganda, but much of it does not meet international standards (as established in The United Nations Convention Against Corruption and the African Union Convention on Preventing and Combating Corruption). The Penal Code Act (Chapter 120, Laws of Uganda) and the Prevention of Corruption Act (Chapter 121, Laws of Uganda) criminalize the offering or receipt of bribes. Penalties range from fines up to \$3,000 and/or up to 10 years in prison. Other legislation, including an anti-counterfeiting act, remains before the cabinet and has not yet been presented to Parliament. Anti-money laundering legislation, though drafted, has not been disseminated for public review or presented to Parliament. Though some GOU officials expect this legislation to pass in 2009, others privately say high-level officials are stalling the legislation because it could damage private interests who benefit from the status quo. Whistle blower legislation have not been drafted or presented to Parliament, despite Uganda's commitment to do so in its MCC Anti-Corruption Threshold Country Plan. President Museveni has appointed a cabinet level official and an Inspectorate of Government to focus on corruption, but meaningful progress remains elusive.

Bilateral Investment Agreements

[Return to top](#)

Uganda is a member of the World Trade Organization. Uganda, along with its counterparts in the East African Community (EAC) -- Kenya, Tanzania, Rwanda, and

Burundi -- signed a Trade Investment Framework Agreement (TIFA) with the United States in July 2008. Uganda has also negotiated bilateral tax treaties with several nations, including China and South Africa. The EAC also signed an Economic Partnership Agreement with the EU in 2007. As noted above, In 2007, leaders of COMESA approved the final steps leading to the launch of a customs union by December 2008. Currently, only thirteen of the nineteen COMESA member states are participating in the COMESA Free Trade Area (FTA). Uganda, though a member of COMESA, is not a participant. Uganda was among 26 countries which signed onto an initiative aimed at establishing an African free trade zone stretching from Cairo to Cape Town in October 2008. According to the initiative, the members of the EAC, the 20-member Common Market for Eastern and Southern Africa (COMESA), and the 14-member Southern African Development Community (SADC) will draft a roadmap for creating a single trading bloc that would speed economic integration and therefore help African economies compete in the global economy. Observers remain sceptical that the entire group of countries is truly interested in the initiative.

OPIC and Other Investment Insurance Programs

[Return to top](#)

Uganda is a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and is a member of the International Center for the Settlement of Investment Disputes (ICSID). In 1965, the U.S. and Uganda entered into an investment incentive agreement. Both parties signed an updated agreement in 1998, but the Ugandan Government has yet to ratify the renewed agreement. In 2003, the Overseas Private Investment Corporation (OPIC) signed a master guarantee agreement with Citigroup to establish a lending risk-sharing facility in Uganda for local loans. In 2004, Export-Import Bank signed a similar master guarantee agreement with DFCU Bank. In 2007, the Export-Import Bank upgraded Uganda's financial guarantee availability to "long-term," which, at up to twelve years, is the longest guarantee available through the Bank.

Labor

[Return to top](#)

Education and expertise are low in Uganda, though Uganda's universal primary education program is improving basic skills. Most urban Ugandans speak English, though many speak it only as a language second to one of 33 tribal languages spoken in Uganda. Labor unrest is sporadic in Uganda, and labor unions are not strong. Employers must contribute an amount equal to 10% of an employee's gross salary to the National Social Security Fund (NSSF). Labor laws also specify procedures for termination of employment and termination payments. Foreign nationals must have a permit to work in Uganda.

Uganda cooperates with the International Labor Organization (ILO) and has ratified all eight ILO conventions.

The National Organization of Trade Unions (NOTU) is the largest labor federation, and includes about 15 unions. Its rival, the Central Organization of Free Trade Unions (COFTU), includes five unions. An estimated 855,000 of two million persons working in the formal sector belong to unions.

Uganda's Industrial Court is funded directly by the national budget (not through the Labor Ministry), and the President of the Industrial Court has the status of a judge. The Industrial Court has the power to re-instate employees who are improperly dismissed, and to impose fines against employers.

Approximately 100 district-based labor officers have responsibility for inspecting workplaces and processing worker and management complaints. This mechanism contributes to the enforcement of labor standards but its chronic lack of staffing and resources hampers its effectiveness.

In May 2007, the GOU launched its national child labor policy. Comprehensive anti-trafficking in persons legislation is in the final stage of passage. The legislation will likely pass in February 2009. There are active programs underway, with support from the ILO and the U.S. Department of Labor, to combat child labor, but the practice nevertheless remains a concern in Uganda, particularly in the informal sector. The United States continues to support the GOU's entire child labor and anti-trafficking efforts through the ILO and other implementing partners.

Foreign-Trade Zones/Free Ports

[Return to top](#)

The Free Zones Bill of 2002, which will authorize the creation of Free Trade Areas (FTA) within Uganda, is still awaiting final Cabinet approval. Still, with a \$24 million credit from the World Bank, the GOU is currently in the process of creating three FTAs: the Kampala Industrial and Business Park, Luzira Industrial Business Park and the Bweyogerere Industrial Estate. Incentives such as duty drawbacks, originally included in the pending Free Zones Bill, are reflected in the latest Finance Act (i.e., the 2008/2009 budget).

Foreign Direct Investment Statistics

[Return to top](#)

The values quoted below should not be relied upon for any investment decision. The figures provided by the UIA are highly variable and inconsistent, both year-on-year and by sector. According to the UIA, the values tracked are only for projects listed. No investors provide periodic updates after the initial registration. Historically, actual investment has trailed planned investment totals by a factor of five. FDI statistics provided by the World Bank (revised). Any discrepancies with previous reports are a result of re-evaluations.

| Net FDI (\$ mln) | FY04 | FY05 | FY06 | FY07 |
|-------------------------|-------------|-------------|-------------|-------------|
| Inflows | 295.42 | 379.81 | 644.26 | 797.27 |
| Outflows (Residual) | 0 | 0 | 0 | 0 |

** Figures provided by the Uganda Investment Authority

Value of Projects Licensed by Uganda Investment Authority (listed in \$ millions)

| Sector | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|---------------|----------------|-----------------|-----------------|-----------------|
| Agriculture, Hunting, Forestry and Fisheries | 116.6 | 66.7 | 72.21 | 28.99 | 60.89 |
| Community, Social and Personal Services | --- | --- | --- | 41.06 | 34.10 |
| Construction | 24.45 | 22.12 | 32.46 | 223.83 | 58.10 |
| Electricity, Gas and Water | .15 | .303 | --- | 742.50 | 173.34 |
| Financing, Insurance, Real Estate, Tourism & Business Services | 103.95 | 75.53 | 351.6 | 109.90 | 380.89 |
| Manufacturing | 44.58 | 158.8 | 291.2 | 325.36 | 641.23 |
| Mining & Quarrying | 17.19 | 20.4 | 10.48 | 88.25 | 30.36 |
| Transport, Communication and Storage | 8.34 | 81.97 | 468.6 | 444.81 | 946.12 |
| Wholesale & Retail Trade, Catering & Accommodation Services | 2.4 | --- | --- | 218.33 | 55.90 |
| TOTAL | 317.66 | 425.823 | 1,226.55 | 2,223.03 | 2,380.93 |

Large companies licensed in 2008 include (investments listed in U.S. Dollars)

| | |
|--|-------------|
| Suretelcom Uganda Ltd (Singapore) | 406,500,000 |
| Orange Uganda Ltd (Belgium) | 375,000,000 |
| Al Haadi Investments (U) Ltd (Pakistan) | 134,000,000 |
| Uganda Microfinance Ltd (Kenya) | 91,400,000 |
| Amuru Sugar Works Ltd (United Kingdom) | 81,700,000 |
| Satbhanu Metals Recycling (U) Ltd (India) | 67,000,000 |
| Rama Drinks Ltd (Uganda) | 65,157,000 |
| Smile Communications (U) Ltd (Mauritius) | 57,300,000 |
| Power Pro (U) Ltd (Singapore) | 56,000,000 |
| Equatorial Real Estates Ltd (Finland) | 50,400,000 |
| NMS International (U) Ltd (United Kingdom) | 48,000,000 |
| J.W. Victoria Agro-Industries Ltd (Uganda) | 43,100,000 |
| Basix Construction (U) Limited (Uganda) | 40,000,000 |
| i-Tel Ltd (Uganda) | 32,800,000 |
| Air Memphis (U) Ltd (USA) | 25,500,000 |
| Brialliant Shoe (U) Ltd (China) | 25,000,000 |
| Legacy Development Ltd (Mauritius) | 24,000,000 |
| Pinnacle Projects Ltd (Kenya) | 20,300,000 |
| Sarak Big Five and Recreation Company Ltd (Uganda) | 20,000,000 |

Business in Development Network, Investing in SMEs in Uganda 2008:
www.bidnetwork.org.

Buuza.com (Uganda Telephone and Email Directory): www.buuza.com

Doing Business Uganda 2008, World Bank International Finance Corporation:
www.doingbusiness.org/ExploreEconomies/?economyid=193

Enter Uganda: www.enteruganda.com

Heritage Foundation 2009 Index of Economic Freedom
www.heritage.org/Index/Country/Uganda

Uganda Bureau of Statistics: www.ubos.org

Uganda Communications Commission: www.ucc.co.ug

Ugandan Embassy to the United States, Washington DC:
www.ugandaembassy.com/trade.html

Uganda's Information Portal: www.myuganda.co.ug/economy/investment.php

Uganda Investment Authority: www.ugandainvest.com

Kampala Industrial and Business Park: www.businesspark.co.ug

Uganda Ministry of Finance: www.finance.go.ug

World Bank Multilateral Investment Guarantee Agency:
http://www.fdi.net/country/sub_index.cfm?countrynum=202

World Bank Political Risk Insurance Center:
http://www.pri-center.com/country/country_specific.cfm?pgid=2&countrynum=202

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

In Uganda, retailers normally receive payment for consumer goods in cash. However, exporters of capital goods or other equipment, machinery, and services normally seek payment through wire transfers. Ugandans may attempt to pay by check, but increasing check fraud makes this a risky proposition.

How Does the Banking System Operate

[Return to top](#)

Due to insider lending, poor supervision, and excess supply, Uganda's formal financial system underwent a significant restructuring in the 1990s, resulting in the closure of several commercial banks. Since that time, the sector has seen steady improvement and now is stable and well-capitalized. The system includes The Bank of Uganda (BOU, Uganda's central bank), 22 commercial banks, and many micro deposit institutions, credit deposit institutions, and development banks. Most of Uganda's largest commercial banks have foreign owners, including Citibank, Barclays, Stanbic and Standard Chartered. A deposit insurance fund with contributions from the GOU and banks has been put in place to protect depositors, though the fund has yet to be tested.

Foreign-Exchange Controls

[Return to top](#)

There are no foreign exchange controls affecting legitimate trade.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Bank of Baroda -- Chase Manhattan Bank, New York
Barclays Bank (u) LTD -- Barclays Bank plc, New York
Citibank Uganda LTD -- Citibank, New York
DFCU bank -- Citibank, New York
Stanbic -- Bankers Trust, New York
Standard Chartered Bank -- Standard Chartered, New York

Project Financing

[Return to top](#)

Multilateral institutions active in Uganda include the International Monetary Fund, the World Bank and the African Development Bank, as well as several European institutions. Major development projects in health, education, agriculture, and infrastructure, are financed by bilateral donors and/or international organizations.

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

African Development Bank: www.afdb.org

Bank of Baroda: www.bobho@spacenet

Barclays Bank (U) LTD: www.Barclays.com/Africa/uganda

Citibank: www.Citibank.com/eastafrica/Uganda

COMESA Bankers Association: www.comesabankers.org

DFCU: www.dfcugroup.com

East African Development Bank: www.eadb.org

Stanbic: www.stanbic.com

Standard Chartered Bank: www.standardchartered.com

Uganda Bankers Association: e-mail: uba@uol.co.ug

World Bank: www.worldbank.org

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Ugandan business decisions are often made by a group within the company and there is a premium on consensus. Many Ugandans like discussing business issues extensively, and usually seek external advice, before making decisions. Ugandans want to get to know people with whom they are dealing and begin most meetings with introductory conversation about people's backgrounds and families. Good gift choices to bring from abroad would be business-related items, including items the company makes or wishes to sell.

Ugandans are quite conservative in dress. Women conventionally wear dresses; men wear business suits or slacks. In their discourse, Ugandan businesspeople dress formally, but are friendly and informal in conversation. They are generally conservative and formal when making speeches to a group. Greetings and acknowledgements invariably precede formal speeches in strict accordance with protocol.

It is common for Ugandans to arrive late for events, and meetings often begin and end later than scheduled.

Travel Advisory

[Return to top](#)

For the latest travel-related information, please see the consular information sheet for Uganda at <http://travel.state.gov>

Visa Requirements

[Return to top](#)

Visitors with diplomatic passports do not need visas. Those with official or regular passports can obtain a visa at the Ugandan Embassy in Washington or on arrival at Entebbe airport (\$50 for a single entry and \$200 for a six-month multiple entry). A \$50.00 departure tax is charged, but is usually included in the cost of air tickets. The departure tax is \$30 when traveling within east Africa.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required.

Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Kampala: <http://kampala.usembassy.gov/service.html>

Telecommunications

[Return to top](#)

While Uganda's communications infrastructure remains substandard, steady improvements have occurred since the introduction of mobile telephones. Mobile phone companies now provide coverage for urban and most rural areas, though network interruptions in both areas are common. Ground lines in rural areas remain scarce. Most towns in both rural and urban areas have pay phones, easing communication for those without a mobile or land line. SIM Cards for U.S. visitors coming to Uganda with compatible tri-band phones are inexpensive and widely available. International direct dial is expensive, but generally of good quality. A satellite telephone is recommended for persons working in truly remote areas. Many businesses use fax machines and e-mail regularly. Commercial e-mail and Internet services are increasingly available, and Internet cafes are common. Several Internet companies provide services to commercial entities and residences. Most Internet connections rely on slow telephone dial-up connections. Monthly fees start at about \$30. As no international fiber optic cables reach Uganda at this time, faster broadband connections rely on satellite linkages and are more expensive, \$starting at \$120 for two gigabytes of data (lasting up to three months). A undersea fiber optic cable is due to reach east Africa and be linked with Uganda in 2009. Fax and copying services are available in shops in Kampala and at major hotels. Both telephone and fax charges at major hotels can be exorbitant.

Several different courier services compete for business in Uganda and in providing international services. Both DHL and FedEx offer delivery to both Kampala and distant rural areas of Uganda. These firms note that exact addresses are not necessary for deliveries to rural areas.

Transportation

[Return to top](#)

The primary road network in Uganda is in need of repair and maintenance is a problem. Paved roads connect Kampala with the borders in Kenya, Rwanda, and Tanzania. Roads in Kampala also badly need repair, as large potholes slow traffic and damage vehicles, increasing the cost of doing business in the capital. Due to poor drainage and poor road construction, paved roads worsen during the rainy season. Urban traffic congestion is worsening dramatically as Uganda's economy and population grows and more Ugandans purchase autos. The secondary road system needs a great deal of work, and some unpaved roads become impassable in the rainy seasons. A four-wheel drive vehicle is strongly recommended.

There is no passenger rail service and rail cargo service is limited primarily to service between Kampala and the port in Mombasa. In 2005, after several rounds of negotiations, the Rift Valley Railway Consortium led by a South African firm paid \$288 million for a 25-year joint concession with Kenya to manage and operate the railway. The goal of the project was to increase railway traffic by 75% in the first five years, but the project has experienced several delays, with no visible investment to date. The Kenyan government announced recently that it plans to cancel RVR's concession, and Uganda is likely to follow suit in the near future.

International flights to and from Entebbe International Airport leave daily. SN Brussels, KLM, and British Airways offer nonstop flights to Europe. Each departs to Europe three or four times per week. Emirates flies direct to Dubai, stopping in Addis Ababa. There are no direct flights to the United States. Small private carriers recently have established scheduled commercial services between Entebbe and several up country destinations. Alternately, visitors may access remote regions of the country through private charters.

Language

[Return to top](#)

Most business is conducted in English, though many local languages exist in Uganda. The most common local language in Kampala is Luganda. Because English is often spoken as a second language, many Ugandans speak English with a heavy accent. Likewise, Ugandans often have difficulty understanding American English pronunciation and usage. Swahili is often understood but not frequently used in Kampala, and carries negative overtones as the language of the former dictator, Idi Amin.

Health

[Return to top](#)

Uganda has serious disease and health problems. Malaria is highly endemic and may be resistant to some anti-malarial drugs. Most infections are falciparum malaria (cerebral malaria), which untreated, can rapidly become life-threatening. In October 2000, there was an Ebola outbreak in Gulu district that killed 224 people. There was a second outbreak of Ebola in November 2007, this time in Bundibugyo district killing over 30 people. In the last 2 years, there have been 3 small outbreaks of Marburg, another viral hemorrhagic infection, most probably acquired from contact with fruit bats. Given the poor sanitation practices in many parts of the country, it is not surprising that enteric diseases including giardia, amoebic dysentery and shigella are common, as are cholera and typhoid. Travelers to northern Uganda should be aware of an ongoing hepatitis E epidemic acquired through drinking contaminated water. Although a new treatment plant for the Kampala water supply was commissioned, water from taps is not potable and should be boiled for 5 minutes and filtered before drinking. Bottled water is widely available in the country. Fruit and vegetables should be soaked for 20 minutes in chlorinated water if they are to be eaten uncooked. Most lakes and rivers are infested with bilharzia, limiting water-based recreation. Plague occurs annually in West Nile and bacterial meningitis is a regular visitor in many parts of Uganda. Sexually-transmitted infections including HIV infection are endemic in Uganda, and syphilis and herpes are very widespread. Tuberculosis is also becoming a major issue.

Local Time, Business Hours, and Holidays

[Return to top](#)

Uganda is three hours ahead of Greenwich Mean Time. Office hours typically are 8:00 AM to 5:00 PM Monday through Friday. However, office hours may vary and offices frequently close early on Friday.

The Government of Uganda does not celebrate a holiday on the workday before or after the actual holiday if it falls on a weekend. Businesses, however, may be closed and many businesspeople may be unavailable on such a day. Major holidays celebrated in Uganda include:

New Years Day January 1
Liberation Day January 26
Good Friday *
Easter Monday *
International Women's Day March 8
Labor Day May 1
Id-el-Fitr *
Id-el-Adha *
Uganda Martyr's Day June 3
National Heroes Day June 9
Independence Day October 9
Christmas Day December 25
Boxing Day December 26

* Date changes annually

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Persons bringing goods into Uganda temporarily need to execute a bond through a clearing agent. Personal effects typically are not taxed, though a sizable consignment of personal effects might attract the attention of Ugandan Customs and a person bringing in such a consignment should contact a clearing agent.

Web Resources

[Return to top](#)

State Department Visa Website: travel.state.gov/visa/index.html

United States Visas: www.unitedstatesvisas.gov/

U.S. Embassy Kampala: kampala.usembassy.gov/service.html

Uganda Revenue Authority: www.ugrevenue.com

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

U.S. Commercial/Economic Office
Plot 1577 Ggaba road
Kampala, Uganda
Tel: 256-414-306-001, fax: 256-414-259-794

U.S. Embassy
Plot 1577 Ggaba road
Kampala, Uganda
Tel: 256-414-306-001, fax: 256-414-259-794
kampala.usembassy.gov/service.html

Uganda Government Agencies/Authorities

Customs Department
P.O. Box 8147, Kampala
Tel: 256-417-744-101, 256-414-317-195
www.ugrevenue/department/customsAndExcise

Ministry of Agriculture, Animal Industry and Fisheries
P.O. Box 201, Entebbe
Tel: 256-414-320-722, 256-414-320-004, fax: 256-414-321-047
www.agriculture.go.ug

Ministry of Energy and Minerals
P.O. Box 7270, Kampala
Tel: 256-414-311-111, fax: 256-41-230-220
<http://www.energyandminerals.go.ug>

Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala
Tel: 256-414-707-0009, fax: 256-414-230-163
www.finance.go.ug

Ministry of Tourism, Trade and Industry
P.O. Box 4241, Kampala
Tel: 256-414-314-268, fax: 256-41-340-427
www.mtti.go.ug

National Environment Authority
P.O. Box 22255, Kampala
Tel: 256-414-251-064/8; fax: 256-414-257-521
www.nemaug.org

Private Sector Foundation Uganda
P.O. Box 7683, Kampala
Tel: 256-312-263-850; fax: 256-41-259-109
www.psfuganda.org

Uganda Export Promotion Board
P.O. Box 5045, Kampala
Tel: 256-414-230-250; fax: 256-414-259-779
www.ugandaexportsonline.com

Uganda Investment Authority (UIA)
P.O. Box 7418, Kampala
Tel: 256-414-301-000; fax: 256-414-342-903
www.ugandainvest.co.ug

Uganda National Bureau of Standards
P.O. Box 6329, Kampala
Tel: 256-414-222-367; fax: 256-414-286-123
www.unbs.go.ug

Uganda Revenue Authority
P.O. Box 7279, Kampala
Tel: 256-417-442-001/10; fax: 256-414-334-419
www.ugrevenue.com

Uganda Trade Associations/Chambers of Commerce

American Chamber of Commerce in Uganda
c/oNCR Uganda - Service & Computer Industries (U) Ltd
Plot 94, William Street
Tel: 256 312 351700; 256 414 351712; fax: +256 414 232145
<http://www.sciug.com/>; Email: gm@sciug.com

Uganda Coffee Trade Federation
P.O. Box 21679, Kampala
Tel: 256-414-343-678; fax: 256-414-343-692
www.uganda-co.ug/coffee

Uganda Fish Processors & Exporters Association
P.O. Box 24576, Kampala
Tel: 256-414-347-835; fax: 256-414-347-835
www.ufpea.co.ug

Uganda Flower Exporters Association
P.O. Box 29558, Kampala

Tel: 256-312-263-320; Fax: 256-312-263-321
www.ufeac.com

Uganda Manufacturers Association
P.O. Box 6966, Kampala
Tel: 256-414-287-615; fax: 256-414-220-285
www.uma.or.ug

Uganda National Chamber of Commerce and Industry
P.O. Box 3809, Kampala
Tel: 256-414-503-024/5; fax 256-414-230-310
www.ugandachamber.or.ug

Uganda Small Scale Industry Association
P.O. Box 7725, Kampala
Tel: 256-312-278-798;
www.ussia.org

The Uganda Vanilla Exporters Association
1st Floor Ambassador House, Kampala Road
Tel: 256-772-495-067
www.ugandavanilla.com/commercial.htm

Development Banks

Uganda Development Bank
P.O. Box 7210, Kampala
Tel: 256-414-355-550; fax: 256-414-355-556
www.info@udbl.co.ug

East African Development Bank
P.O. Box 7128, Kampala
Tel: 256-414-230-021/5; fax: 256-414-259-763
www.eadb.org

International Organizations

International Monetary Fund
P.O. Box 7120, Kampala
Tel: 256-414-233-955; fax: 256-414-254-872
www.imf.org

UNDP
P.O. Box 7184, Kampala
Tel: 256-414-233-440; fax: 256-414-244-801
www.undp.or.ug

World Bank
P.O. Box 4463, Kampala
Tel: 256-414-230-094; fax: 256-414-230-092
www.worldbank.org

World Food Program
P.O. Box 7184
Tel: 256-312-242-000/229; fax: 256-414-250-485
www.wfp.org

Uganda Commercial Banks

Bank of Africa (U) LTD
P.O. Box 2750, Kampala
Tel: 256-414-258-118; fax: 256-414-230-439
www.boa-uganda.com

Bank of Baroda (U) LTD.
P.O. Box 7197, Kampala
Tel: 256-414-233-680; fax: 256-414-258-263
www.bankofbaroda/Uganda

Barclays Bank (U) LTD.
P.O. Box 2971, Kampala
Tel: 256-312-218-000/317; fax: 256-414-231-839
www.barclays.com/africa/uganda

Cairo International Bank
I Sure House, Bombo Rd. Kampala
Tel: 256-414-230-136; fax: 256-41-230-130
www.cairointernationalbank.co.ug

Centenary Rural Development Bank LTD.
Plot 7, Entebbe Road, Kampala
Tel: 256-414-251-276/7; fax: 256-414-251-273/4
www.centenarybank.co.ug

Citibank Uganda LTD.
P.O. Box 7505
Tel: 256-414-340-945/9; fax: 256-414-340-624
www.citibank.com/eastafrica/uganda

Crane Bank LTD.
P.O. Box 22572, Kampala
Tel: 256-414-343-607/8; fax: 256-414-231-578
www.cranebanklimited.com

DFCU (formerly Gold Trust) Bank (U) LTD.
P.O. Box 70, Kampala
Tel: 256-414-351-000; fax: 256-414-500-491
www.dfcugroup.com

Diamond Trust Bank
17/19 Diamond Trust Bldg., Kampala
Tel: 256-414-259-331/3; fax: 256-414-342-286

www.dtbafrica.com

National Bank of Commerce (U) LTD.
Cargen house, Parliament Ave, Kampala
Tel: 256-414-347-700; fax: 256-414-347-701
e-mail: nbc@africaonline.co.ug

Orient Bank
Plot 10, Kampala road
Tel: 256-414-236-013; fax: 256-414-236-066
www.orient-bank.com

Stanbic Bank (U) LTD.
P.O. Box 7131, Kampala
Tel: 25 6-312-224-600; fax: 256-414-231-116
www.stanbic.com

Standard Chartered Bank (U) LTD.
P.O. Box 7111, Kampala
Tel: 256-414-258-211; fax: 256-414-342-875
www.standardchartered.com/ug

Tropical Africa Bank
27 Kampala Rd., Kampala
Tel: 256-414-313-100; fax: 256-414-313-131
www.trobank.com

United Bank for Africa
Spear House, Plot 22 Jinja Road
Tel: 256-417-715-100
<http://www.ubagroup.com>

Kenya Commercial Bank
Commercial Plaza, 7 Kampala Road
Tel: 256-414-346-961; fax: 256-414-346-966
www.kcb.co.ke

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

The annual international trade fair, sponsored by the Uganda Manufacturers Association, is held in early October. The United States Mission in Kampala encourages local and regional representatives of American manufactured goods to display their products at the U.S. Pavilion at the fair. Please contact the U.S Mission for more information. In the past, many businesses have elected not to participate, due to the feeling that it was not an event for substantive business contact or deals, but rather a forum for promoting brand recognition. For more information on trade fairs, please visit:

<http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/home/export.html>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.